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Social Security Bulletin

June 1948
Vol. 11 No. 6

Disability Protection Under Public Programs

The Cost of Unemployment Insurance

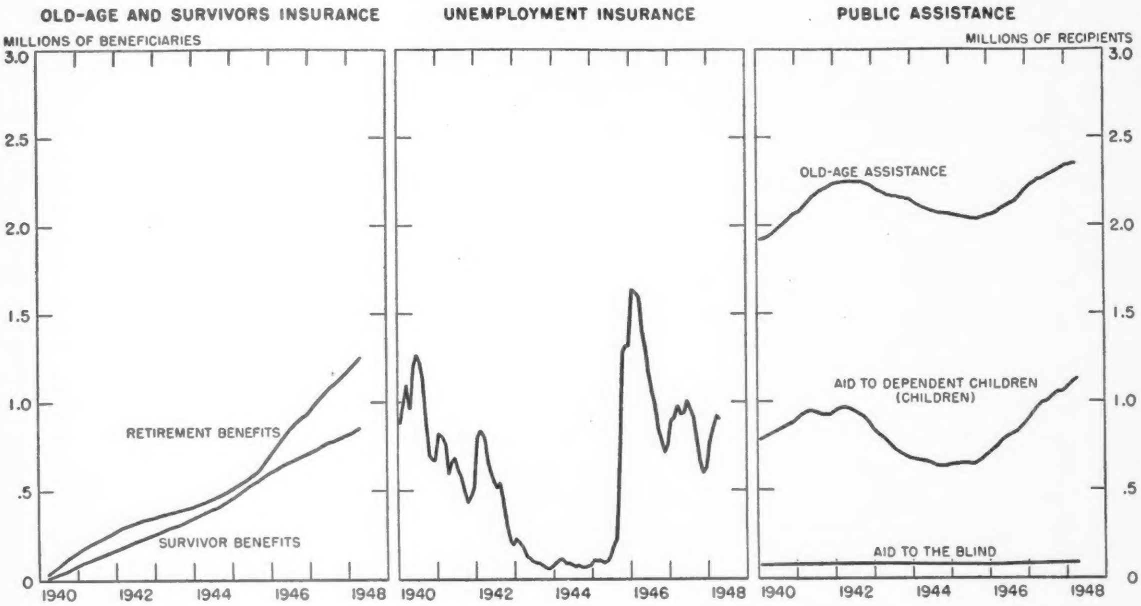
Federal Responsibility for Payment of State Unemployment Insurance Administrative Expenses

Group Annuities Supplementing Retirement Benefits Under Old-Age and Survivors Insurance

FEDERAL SECURITY AGENCY
SOCIAL SECURITY ADMINISTRATION
WASHINGTON, D. C.

Social Security Operations*

INDIVIDUALS RECEIVING PAYMENTS



SOCIAL SECURITY PAYMENTS

*Old-age and survivors insurance, beneficiaries actually receiving monthly benefits (current-payment status) and amount of their benefits during month; unemployment insurance, average weekly number of beneficiaries for the month and gross benefits paid during the month under all State laws; public assistance, recipients and payments under all State programs.

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Social Security in Review

April in Review

In the State unemployment insurance programs the number of initial claims rose during April, after having decreased in February and March, while continued claims dropped for the first time since November 1947. The rise in initial claims was partly administrative; several States started new benefit years in April. Also contributing to the increase was secondary unemployment in industries that were forced to curtail production because of the coal strike.

Women made up a disproportionately large part of the claimants for both initial and compensable claims. Most of their unemployment was seasonal; many industries that employ relatively large numbers of women normally suffer a slump during the spring.

As a result of the drop in continued claims, both the amount of benefits paid and the average weekly number of beneficiaries declined, for the first time since November 1947. The total amount expended during the month was $73.6 million, which went to a weekly average of 903,900 persons.

MORE THAN 2.1 million persons were receiving old-age and survivors insurance benefits at the end of April, at a monthly rate of $41.3 million. Awards during the month, though less than the record number in March, were higher than in any other month in recent years. At least one member of 1.3 million families was being paid benefits at the end of 1947. Two-thirds of these were the families of retired workers. Within this group the average family benefit was $19.90 for a retired woman worker and $39.60 for a man and wife. Among the survivor families the lowest average payment ($13.20) went to a family in which only one child was entitled to benefits; the largest ($52.20) was paid to a widowed mother with three or more children. Fewer than 800 families were receiving the maximum of $85.

THE NUMBER of people receiving one of the three special types of public assistance—old-age assistance, aid to the blind, and aid to dependent children—increased slightly in April. On the other hand, the general assistance case load, which had risen continuously during the preceding 6 months, showed a normal springtime decline. In the large cities, however, where seasonal employment is a relatively small factor, there was a very slight rise in the general assistance case load. Small increases in average payments together with the increase in case loads under the three special types of assistance caused total expenditures for assistance to rise $500,000, to $138.9 million.

In this issue:

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The President Urges Expanded Social Security Program

In a special message to Congress on May 24, President Truman called for sweeping improvements in the social security system. He outlined a five-point program to extend coverage of both persons and risks and to increase the insurance benefits, declaring that our concern with the pressing problems of postwar adjustment must not cause us "to neglect the human needs of our people."

1. *More nearly adequate benefits under old-age and survivors insurance.*—The President called attention to the serious inadequacy of benefits in the face of present wage levels and living costs. The average monthly payment of $25 to a retired worker and the even smaller amount paid to the average dependent or survivor are obviously entirely too low, the President said, "if the insurance system is to prevent dependency upon public and private charity." He proposed that Congress increase the benefits by at least 50 percent. He also recommended that women become eligible for old-age benefits at age 60, instead of 65, and proposed that beneficiaries be permitted to earn up to $40 a month in part-time employment, instead of $15 as at present, without losing their monthly benefits. At the same time that benefits are liberalized and coverage is extended, the President asserted, the limit on earnings taxable under the law should be raised from $3,000 to $4,800, and the date for increasing the tax rate from 1 percent to 1½ percent should be moved up from January 1, 1950, to January 1, 1949.

2. *Extended coverage for old-age and survivors insurance.*—"The protection afforded by old-age and survivors benefits under our existing social insurance program is unfairly and unnecessarily restricted," the President declared. Pointing out that more than 20 million persons are at work in an average week in jobs in which they cannot earn rights toward these benefits and that these people need insurance protection as much as workers in jobs already covered, he urged that the protection of old-age and survivors insurance be extended as rapidly as possible to the groups now excluded from coverage.

3. *Extended coverage for unemployment insurance.*—The coverage under unemployment insurance is even more restricted than that under old-age and survivors insurance, the President continued, and he recommended extension to the employees of small firms—now excluded under Federal legislation—and to the employees of the Federal Government. Benefits under this program, also, should be raised, "particularly for the unemployed person who has a family to support." Some States, he noted, have raised benefit amounts and extended duration to meet present conditions, and he urged that the other States take similar action and also that the States eliminate "unduly harsh" disqualification provisions wherever they are in force.

4. *Insurance against loss of earnings due to illness or disability.*—President Truman pointed out that, on an average day, sickness and disability keep out of the labor force 3½ to 4 million persons. Of these, he added, more than 1½ million have been disabled for 6 months or longer. Disability and illness may affect family income even more seriously than does old age or death, since ill health usually involves medical costs as well as loss of wages. To protect workers against this risk, the President recommended that the Federal Government "provide a strong financial inducement to all States" to establish an insurance program compensating for loss of income during temporary illness or disability; for extended disability (6 months or more), he asked that a Federal program be set up in conjunction with old-age and survivors insurance.

5. *Improved public assistance for the needy.*—While the insurance systems constitute the "first line of defense against want," Mr. Truman continued, "we cannot neglect our second line of defense. Needy persons who are not yet protected adequately by insurance have to fall back on public assistance," while others will continue to need public aid even after the social insurance system is expanded. "The aid now available to needy people is inadequate in many cases and in some areas of the country." To remedy these deficiencies, the President recommended that the Social Security Act be amended "(1) by permitting the Federal Government to match more fully the higher payments which many States find necessary to meet the needs of recipients; (2) by relating Federal grants more equitably to the financial resources and needs of each State; and (3) by providing Federal grants to help cover the cost of aid to persons not included in the present categories and the cost of essential welfare services which avert or reduce the need for assistance."

Today's high levels of employment and earnings make this a "particularly opportune time" to take these steps, the President concluded. In addition, the excess of income over expenditures that will result from raising the limit on taxable wages and advancing the date for increasing the tax rate will be "valuable to reduce present inflationary pressures and to store up purchasing power for future use."

New Jersey Enacts Disability Insurance Law

New Jersey became the third State to provide benefits for unemployment resulting from nonoccupational disability with the enactment on June 1, 1948, of the Temporary Disability Benefits Law. Under the new legislation the State's 1.6 million workers who are covered by unemployment insurance may collect benefits ranging from $9 to $22 a week for a maximum of 26 weeks for illness or disability occurring after January 1, 1949.

The law sets up a State fund for payment of short-term benefits to eligible disabled workers; employers may provide this type of protection under an approved private plan if they prefer, but workers not protected by a private plan are automatically insured under the State plan. Coverage and benefits parallel those under the State unemployment insurance program. The benefit provisions, which become effective January 1, 1949, provide for two types of benefits—one for workers who are in insured employment or have been out of it for less than 2 weeks and who are not covered by a private plan, and the other for workers who have been out of insured employment for 2 weeks

or more and who are receiving unemployment insurance benefits. The new program will not increase the workers' present contributions.

The employee contribution of 1 percent of wages that he formerly made for unemployment insurance purposes is divided beginning June 1, 1948, and three-fourths of his contribution will go into the disability benefit fund and the balance into the unemployment trust fund. After January 1, 1949, the employer will contribute 0.25 percent of his pay roll, unless his workers are covered by a private plan.

Committee on Children and Youth

The Interdepartmental Committee on Children and Youth, organized at the request of the President by the Federal Security Administrator, Oscar R. Ewing, held its first meeting on May 27. Representatives from the Federal Security Agency, the Departments of Agriculture, Interior, Justice, and Labor, the Administrative Office of the United States Courts, and the Housing and Home Finance Agency are members of the Committee. Each of these agencies has functions that directly or indirectly affect the well-being of young people. Mr. Ewing is chairman of the Committee, and he has appointed Katharine F. Lenroot, Chief of the Children's Bureau, as vice chairman.

In his letter suggesting the formation of the Committee, the President expressed his hope that the Committee would "aid in developing appropriate working relationships among Federal agencies concerned and between the Federal Government and State commissions or committees for children and youth which exist in many States. Furthermore," he continued, "the Committee should assist the various agencies in meeting their responsibilities in this field to the best advantage of the young people of the Nation. It should, of course, recommend methods by which the fulfillment of these responsibilities can be extended and improved." As a first step in carrying out the President's request, the Committee set up three subcommittees, including an interim subcommittee on the 1950 White House Conference on Children.

In releasing the President's letter, Mr. Ewing described the Committee as "a central group that cooperatively can help States and communities plan and carry through programs that will assure youngsters a fair start and an even chance in life . . . [It] will help us in the Federal Government to assure that every last one of the 45 million children in this Nation feels that he is important and has a chance to make the most of himself . . ."

Social Commission's Third Session

The Social Commission of the United Nations Economic and Social Council met at Lake Success from April 5 to April 23 in its third session. Dr. W. B. Sutch of New Zealand was elected chairman.

The Commission, on which Arthur J. Altmeyer is the United States representative, recommended for reference to the Council a more specific program than any it had previously developed. It urged that the advisory social welfare services be continued during the 1949 fiscal year, with an appropriation at least equal to that in 1948. In the field of family, youth, and child welfare, the Commission urged that the United Nations Secretariat give priority to this work and approved a program for 1948–49 that comprises, among other projects, publication of an annual report and legislative series on the protection of children and youth; preparation of a United Nations Charter of the Rights of the Child; studies relating to methods of assisting homeless children and a study of public assistance and social services for needy families and children. The Commission approved the general program of the International Children's Emergency Fund and noted that the Fund's projects are meeting important emergency needs of children. It recommended that these projects be planned and administered in cooperation with the permanent organizations, such as the World Health Organization and the United Nations Social Activities Division, so that the projects of a continuing nature can be absorbed by these organizations at the earliest possible date.

Another resolution related to the initiation within the United Nations Secretariat of an international program in the field of crime prevention. The Commission likewise gave considerable attention to migration, and the United States Member urged that migrants be considered as potential citizens and that proper provision be made for services for their families in the communities where they resettle. The Commission recommended that all agencies interested in migration give continuing attention to the social and long-range aspects of the problem.

State Department Appoints Welfare Attachés

Two social welfare attachés were appointed by the Department of State to the staff of the Foreign Service Reserve, effective March 1, 1948, for service in Cairo and Paris. The appointments are the first that have been made in this classification; assignment of three additional attachés in 1949 is being considered. For several years the Federal Security Agency and other public and voluntary agencies have recognized the need for better knowledge of conditions and more technical information about social welfare developments in other countries than has been available and have asked for assignment of social welfare attachés.

The functions of the attachés will vary somewhat, depending on the country to which they are assigned, the needs of the particular post, and the requirements of the Government agencies that will use the services of the attaché. In general, however, they will report on social welfare developments and conditions in the country to which they are assigned and will provide for other countries information and a means of contact with social welfare developments in the United States; they will also report on official and unofficial attitudes concerning international organizations in the social field, particularly the Economic and Social Council and specialized agencies of the United Nations. They will also be helpful in relation to various aspects of United States foreign aid programs, public and private, and in the coordination of the work of agencies engaged in overseas programs; and they

(*Continued on page 36*)

Disability Protection Under Public Programs

By Dorothy F. McCamman*

From 1940 on, the Social Security Administration has consistently recommended the establishment of insurance against loss of earnings due to extended disability, interlocked with and reinforcing the old-age and survivor protection of the basic social insurance program. For industrial and commercial workers now covered by old-age and survivors insurance, prolonged disability is not compensable under any public program unless it is work-connected or unless the disabled individual is a veteran who can qualify for pension or compensation. In contrast, the following analysis of existing public provisions for disability benefits indicates that fairly broad disability protection has been provided for almost 5 million civilian workers who are covered by special public retirement systems.

PROTECTION AGAINST income loss resulting from extended or permanent total disability is linked with the old-age provisions in the social insurance systems of most countries. In some 30 countries, public provisions for such insurance (generally known outside the United States as invalidity insurance) and for old-age insurance were established simultaneously. In several other countries, social insurance against the risk of disability has preceded insurance provisions for old age; noncontributory pensions for the aged were already in existence at the time of enactment of some of these disability systems and were not immediately replaced by old-age insurance.

Rarely has a country established a system of old-age insurance without also providing for social insurance against the risk of permanent disability. Of the countries that now have old-age insurance systems, only the United States, Norway, and Switzerland lack national systems of invalidity insurance.[1]

Failure to provide protection against the risk of extended or permanent total disability places the basic social insurance system of the United States in an almost unique position, in relation not only to the social insurance systems of other countries but to the other public retirement systems of our own country as well. Public retirement programs covering special groups of workers in the United States—Federal employees, employees of State and local governments, and railroad workers—offer fairly broad disability protection. Aside from these special retirement systems, public provision for replacing the income loss due to extended disability has been limited to two types: compensation under State and Federal laws for work injuries and compensation or pensions under Federal laws for disabled veterans who have served in the armed forces during wartime.

This article presents summary information about the various public programs now providing disability income—the coverage of the programs, the conditions under which disability payments are made, and other data that help in evaluating existing protection in the light of the Nation's needs. The analysis is limited to public provisions and therefore excludes from consideration the disability protection afforded some groups of employees under industrial pension plans or other private programs. Also outside the scope of this article are certain systems of sickness or temporary disability benefits, public as well as private.

State and Local Government Employees

The earliest significant legislation for public employees resulted from a recognition of the need for protection against the risks of disability and death. In 1857, the first municipal pension fund to be established by statute in the United States provided disability and death benefits for New York City policemen. Retirement benefits were not added until 1878, when the financing of the system—originally supported entirely by awards, donations, and proceeds from the sale of confiscated or unclaimed property—was revised to include employee contributions.

For public employees in less hazardous lines of work, too, disability pensions or death benefits sometimes served as the forerunner of provisions for old-age security. The teachers of New York City, for instance, organized an association in 1869 to pay lump-sum benefits to survivors. No regular contributions were required from members of this mutual benefit association, and no financial support was obtained from the city as employer; instead, assessments were levied on members when the need arose. By 1885, sick benefits had been added and regular employee contributions were required. The first retirement provisions for teachers were not introduced until 1887, when New York and Brooklyn teachers together organized the Old Age and Disability Annuity Association, an outgrowth of the mutual benefit association formed almost 20 years earlier.

Extent of protection.—Although major emphasis has long since been shifted to old-age retirement provisions, most systems for State and local government employees now provide protection against permanent disability. Personnel policy recognizes that a retirement system has a dual purpose—to increase the operating efficiency of the public service and to furnish security for the employee. Compatible with this dual purpose is the provision of retirement income whenever the employee is no longer able to serve efficiently because of disability or because of age.

It is estimated that 2 million persons, or nearly 3 out of every 5 employees of State and local governmental units, were members of retirement systems operating in the fiscal year ended in 1947. About 1.9 million of these covered employees have protection for service-connected disability through their retirement systems. Although some of the 1.9 million belong to systems which do not compensate for non-service-connected disabilities, perhaps as many as 1.6 million have this type of protection too.

*Bureau of Research and Statistics.

[1] See table on page 13.

Probably about 1,700–1,750 retirement systems were in operation in the fiscal year ended in 1947. More than nine-tenths of these systems provide protection against service-connected disability; perhaps 7 out of every 10 provide protection in the event of ordinary disability (that is, disability not arising out of the employment). Approximately 200 of the total number are contributory systems administered by States or by cities with populations of 500,000 and over. This group includes all the largest systems and accounts for almost nine-tenths of all covered employees. It is estimated that about 95 percent of the 200 systems provide benefits for service-connected disability, and somewhat more than 80 percent compensate for ordinary disability. States and large cities also administer about 50 noncontributory systems, fewer than half of which provide protection against disability. Most of these systems are extremely small, with very limited coverage, and they therefore have only slight effect on the over-all estimate of the number of public employees who are protected against the risk of disability. An estimated 1,450–1,500 systems are administered by cities with populations of less than 500,000, by towns, or by counties. The proportion providing protection against service-connected disability approaches 95 percent at this level, where systems for policemen and firemen predominate; about seven-tenths contain provisions for ordinary disability.

It is estimated that 25,000 individuals were receiving disability annuities from State and local retirement systems at the close of the 1947 fiscal year. Disabled beneficiaries made up slightly more than one-tenth of all beneficiaries on the rolls, which include the families of deceased former employees as well as retirants for age, length of service, or disability. Payments made to disabled beneficiaries during the fiscal year approximated $18 million, considerably less than one-tenth of the aggregate $215 million paid in monthly benefits.

For every individual retired for disability, seven were retired on the basis of age or service. Lower average payments for disability annuitants are reflected in the ratio of $9.70 paid to age and service retirants for every $1 paid to disabled beneficiaries.

In 1941—the most recent year for which comprehensive data are available—the average monthly disability benefit paid by State and local retirement systems was $59. At the same time, annuities for age or service averaged $77. The over-all average of $59 conceals a wide range in benefit amounts resulting from the variety of methods of computing disability benefits. Disability benefits are likely to be low, on the average, in systems that relate the amount to contributions and length of service. Where disability benefits are computed as a percentage of salary, on the other hand, a larger proportion may be paid for disabilities of service origin than for either ordinary disabilities or age retirement.

Provisions for disability retirement.—Retirement systems for State and local governmental employees differ greatly with respect to specific provisions for disability annuities. Some generalizations are possible, however, on the basis of the legal provisions of the 250 systems which are administered by States or by cities with populations of 500,000 or more and which account for close to nine-tenths of all covered employees.

With relatively few exceptions the contributory systems in this group provide some form of disability protection. Two of the exceptions are perhaps worthy of special mention: the State-wide plan of Iowa (enacted in 1945) and that of North Dakota (enacted in 1947). These systems are modeled on the Federal system of old-age and survivors insurance and bear little resemblance to the usual staff retirement plan for public employees. Proposals for amending the Iowa law to provide disability protection were introduced shortly after the original law was enacted.

The typical State-wide retirement system for teachers does not distinguish between service-connected and ordinary disability. Most such systems, however, demand a specified period of service (usually 10 or 15 years) as an eligibility requirement for disability retirement. The benefit payment is either proportionate to the payment the teacher would have received had she remained in service until the normal retirement age or else is based on the actuarial equivalent of her contributions with a proportionate pension from public funds.

A distinction between service-connected and ordinary disability is commonly made by systems that cover employees of several governmental departments and by systems for policemen and firemen. Perhaps as much as 10 or 15 years' service may be required for eligibility for benefits for non-work-connected disability. For work-connected disabilities, on the other hand, there may be either no service requirement or a much shorter one. Moreover, the benefit formula is usually more liberal than that used for ordinary disability. If the disability has a work connection, the benefit may be computed as a given proportion of pay (perhaps one-half or three-fourths) or it may be composed of two portions—one, the amount purchasable with the member's contributions, and the other, a pension that is proportionate to pay. In a few instances, the service-connected disability benefit represents a proportion of pay plus a flat dollar amount for each dependent child. For ordinary disability, the allowance may be related to pay, using a smaller proportion than that for service-connected disability. More frequently, however, the annuity for ordinary disability is based on years of service or on contributions, with the result that, if the disability has occurred after relatively short service, the benefit is usually small and inadequate as an offset to income loss.

The other systems which are administered by States or by large cities and for which information is available as to disability provisions are those covering a single group of employees, such as judges, employees of public service enterprises, or employees of hospitals or penal institutions. The disability provisions of some of these systems follow the pattern found for systems with more comprehensive coverage. Many of the systems in this group, however, are noncontributory retirement plans for State judges, some of which trace their roots back to the earliest forms of retirement protection for public employees—the inclusion in State constitutions of retirement provisions for judges. A

high proportion of the noncontributory systems for judges do not offer disability protection.

Definitions of compensable disability vary widely, but for the most part they approximate "mental or physical inability to perform usual duties." A compensable disability is treated as a total disability—that is, the systems do not provide for computing partial disability benefits proportionate to partial loss of earning power. They commonly provide, however, that if a disabled annuitant recovers sufficiently to engage in some employment his annuity shall be reduced by the amount that his earnings plus his annuity exceed his salary before he became disabled. Compensation is frequently granted only if it appears that the disability is permanent. In general, disability benefits are payable for the duration of the disability. When the disabled individual reaches the age for superannuation retirement, however, he may be transferred from the disability rolls to the old-age rolls, and sometimes his annuity is recomputed. A disabled annuitant is usually required to submit to a physical examination, either periodically or at the request of the administrative board, at least until he reaches the normal retirement age.

One group of retirement systems, located in Illinois, departs radically from the usual pattern of compensating only extended disabilities and of paying the annuity for the duration of the disability. In these systems, benefits are paid for short spells of sickness as well as for extended disability, but there is a maximum limit (usually 5 years or one-fourth the total service of the individual) on the duration of payments for non-work-connected disability. Persons who exhaust their rights to disability benefits before recovery may be able to qualify for retirement benefits under special age and service provisions.

In recognition of the necessity for maintaining continuity of old-age protection through periods of extended disability, most systems contain provisions relating to reinstatement on recovery from disability. For instance, long absences caused by disability do not generally bar an individual from receiving credit for government service performed before the establishment of the system; when reasons other than disability keep an individual away from service for longer than a specified period, he may lose the annuity based on prior service and financed from public funds. Another type of protective provision used by systems in which the contribution rate is determined by the member's age at entry, is the provision whereby reinstated members who had been separated because of disability contribute at their original rate. Various other provisions, geared to the benefit formula and eligibility requirements of the specific system, are designed to safeguard and build up the rights to future benefits for old-age retirement for persons reinstated after recovery from disability.

Relationship to workmen's compensation.—Public employees who are not protected against service-connected disability through retirement systems—because they are not members of systems or because they are members of systems that do not provide disability benefits or provide them only after long service—may nevertheless have protection under State workmen's compensation laws. Existing coverage of State and local government employees by workmen's compensation programs may, in some instances, have caused the retirement system to omit benefits for service-connected disability or to limit them to persons who have had relatively long government service.

Many public employees have overlapping rights under the two types of programs. Provisions designed to coordinate the protection of the two programs and to eliminate duplication of benefits may be contained in either the retirement law or the workmen's compensation law or, not uncommonly, in both. In some instances, duplication of benefit rights is forestalled in that the workmen's compensation law specifically excludes from its coverage members of retirement systems that provide protection against service-connected disability. More usually, however, duplication is prevented through various provisions relating to multiple benefits. These provisions may take any of the following forms. An individual who is eligible for disability benefits under one law may be disqualified from receiving disability payments under the other program; or he may receive payment under whichever plan provides the larger benefit; or he may receive the full benefit of the plan with the lower benefit scale, plus supplementation from the other plan. In some instances, payment of the disability benefit by the retirement system does not begin until workmen's compensation rights are exhausted.

Federal Civilian Employees

Provision for disability retirement is an integral part of the basic civil-service retirement system and of the other smaller systems covering special groups of Federal civilian employees.[2]

In September 1947 there were 2 million civilian employees in the executive, judicial, and legislative branches of the Federal Government, including those working outside the continental United States. About 1.5 million of these employees were covered by the civil-service retirement system. An additional 20,000 were covered by the various special retirement plans for civilian employees, the largest of which are the three contributory plans for employees of the Tennessee Valley Authority, the Canal Zone, and the Alaska Railroad, respectively. Other smaller contributory plans cover employees of the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the civilian teaching staff of the Naval Academy, and Foreign Service officers. Noncontributory retirement plans provide disability protection for special small groups, such as Federal judges, certain public health officers, and members of the Coast Guard in the Lighthouse Service.

Of the 111,045 employee annuitants on the rolls of the civil-service retirement system on June 30, 1947, more than one-fourth—31,502—had been retired for disability. Disability annuitants had had an average of 20

[2] For purposes of this article, employees of the District of Columbia are classified with State and local employees rather than with Federal employees; teachers, policemen, and firemen have disability protection through the special systems for such employees, while other types of employees are protected through the Federal civil-service retirement system.

years of service, whereas persons retired for age or service had averaged slightly over 27 years. The disabled beneficiaries received annuities averaging $775, or about $64.50 a month. The average for employee annuitants retired voluntarily or involuntarily on the basis of age or service was $989, or nearly $82.50 per month. The amendments of February 28, 1948, to the Civil Service Retirement Act increased these disability and age or service annuities by roughly one-fourth over the figures shown; the annuities of persons retired before April 1, 1948, were raised 25 percent or $300 (whichever is smaller) unless the annuitant chose to retain the former rate and thereby provide an annuity for the surviving spouse.

Data are not available to indicate the number of disability annuitants under each of the other retirement systems for Federal employees. The disability annuitants of the retirement systems for the Canal Zone, Alaska Railroad, and Tennessee Valley Authority amount, in the aggregate, to only 300, and the addition of the other systems would probably not raise the total above 500.

Disability provisions of the civil-service retirement system.—The civil-service retirement system provides annuities for employees who, after having completed at least 5 years of civilian Government service, become totally disabled for useful and efficient service in the grade or class of position occupied. Disability is measured against the individual's specific job or a similar position to which he could be assigned; he need not be disabled for all kinds of work.

If the injury or disease is incurred in the performance of duty, the employee has a choice between the annuity under the retirement system and benefits under the Employees' Compensation Act. Otherwise the retirement system does not distinguish between service-connected and ordinary disability.

Disability annuities are determined by the same formula as is used for age or service retirement and thus are heavily weighted by length of service. As a result of the February 1948 amendments, the annuity is computed as 1½ percent of the highest 5-year average salary (when $5,000 or more), or 1 percent of such average salary plus $25 (when $5,000 or less), multiplied by years of service.[3] No minimum annuity is provided; consequently, employees disabled soon after fulfilling the requirement of 5 years of service receive benefits which replace only a very small portion of their wage loss.

A claim for a disability annuity must be filed before the employee's separation from service or within 6 months thereafter. However, if an employee is undergoing hospital treatment at the time he is separated or if he is hospitalized at any time during the 6 months after his separation, he can postpone his application for disability retirement for as long as 6 months after his hospitalization terminates. Provision is also made to extend the time limit if the employee is adjudged mentally incompetent.

The application for an annuity must be accompanied by a statement from the supervisor, showing how the employee's condition affects his performance of duty, and by a report from his attending physician, if any, describing fully his disabilities. Included in these statements is an opinion as to whether the disability is the result of vicious habits, intemperance, or willful misconduct—any of which, if they occurred within the 5-year period preceding the onset of disability, would preclude the payment of a disability annuity.

An examination by a Government medical officer or by doctors designated by the Civil Service Commission is a prerequisite to disability retirement. Unless it is determined that the disability is permanent, annual medical examinations are required until the annuitant reaches age 60.

In the event that a disability annuitant recovers, his annuity is continued temporarily, but not for more than a year, while he is attempting to locate a Federal job. If he is unable to secure reemployment in the Government, he will nevertheless be entitled to a deferred retirement annuity at age 62.

[3] For a more detailed description of civil-service annuities, including certain joint and survivor annuities which may be elected by disabled annuitants, see the *Bulletin*, April 1948, pp. 9–17.

Disability provisions of other retirement programs for Federal employees.—On the whole, the disability provisions of the systems for special groups of Federal employees are more liberal than those of the basic civil-service retirement system. Without attempting to summarize the complete provisions of each system, some of the special features may be indicated.

In recognition of the working conditions of employees in the Panama Canal Zone and on the Alaska Railroad, these two systems contain special provisions for annuities at age 55 after 15 years' service in the event of physical or mental disability for performing duties that are of a strenuous or hazardous nature. These provisions are in addition to the provisions relating to total disability, after 5 years' service, for performing the duties of the position occupied.

Liberality sometimes results from the guarantee of a minimum disability annuity. Under the system covering Foreign Service officers, for instance, disability annuities are payable after 5 years' service and they are computed in the same way as for service retirement, except that when the individual has less than 20 years' service he is credited with the full 20 years. The method used to guarantee a minimum benefit is similar in the two systems covering employees of the Tennessee Valley Authority and those in the Office of the Comptroller of the Currency; the latter uses an eligibility condition of only 1 year of service as compared with 5 years in most systems. In both, the benefit formula is related to contributions and years of service, with a minimum guarantee of 25 percent of average salary (provided this does not exceed the annuity or a stated proportion of the annuity which would normally have been payable at retirement age).

The system for public health officers is unlike the others in that it distinguishes sharply between the amount of the annuity for service-connected disability (75 percent of pay) and that for ordinary disability (2½ percent of pay multiplied by years of service).

Several of the systems continue the annuity temporarily after the individual has recovered, to give him an opportunity to locate a position in the

Federal service. If he does not, there are various provisions relating to the refund of the unexpended balance of his contributions or to the payment of an involuntary separation annuity at an age earlier than the normal retirement age of the system. Refund of the contributions is deferred for 5 years under the Tennessee Valley Authority system on the chance that the individual may suffer a relapse during this period, in which event his annuity would be restored.

Relation to the United States Employees' Compensation Act.—Protection for Federal employees in case of work-connected injuries was enacted in 1908, a dozen years before the enactment of the civil-service retirement and disability system. The Compensation Act prohibits the payment of duplicate benefits covering the same period of time but permits the disabled employee to receive whichever benefit is greater for any part of the same period.

An employee covered by the civil-service retirement system—especially one who is totally disabled by reason of a work-connected injury after a relatively short period of service—is likely to choose employees' compensation. He does so because the amount of the disability annuity depends on length of service, while the compensation payment, computed without regard to length of service, is based on pay and the degree of disability. Compensation for total disability amounts to two-thirds of pay (for partial disability, to two-thirds of the difference between pay and wage-earning capacity) and is subject to a maximum of $116.66 per month. Payment continues for the duration of the disability.

By keeping his contributions on deposit with the retirement system while he is receiving compensation, the individual maintains his eligibility for an annuity; if his compensation should be reduced as a result of partial recovery, he might find it advantageous to take the annuity of the retirement system instead. Should he choose, on the other hand, to forfeit his rights to an annuity, the contributions he has made to the retirement system are returnable (provided he has had less than 20 years of civilian service) and are not offset against the payments he receives from the compensation system.

A lump-sum payment made under the Compensation Act does not disqualify a person from receiving an annuity under the Civil Service Retirement Act. However, if both payments are for the same injury and relate to the same period, he must refund the portion of the compensation that covers the period also covered by the annuity or he must authorize deductions from his annuity payments.

Railroad Workers

On an average day in 1947, 1.6 million individuals were engaged in railroad service and were building up rights under the Railroad Retirement Act to annuities in the event of permanent disability.

Provisions for disability retirement.—The disability protection provided by the Railroad Retirement Act was greatly liberalized by the amendments of 1946. Under the old law, disability annuities were provided only at age 60 or after 30 years of service to persons "totally and permanently disabled for regular employment for hire." Regulations of the Railroad Retirement Board had further defined compensable disability as that in which the physical or mental condition of the individual was such that he was unable to perform regularly, in the usual and customary manner, the substantial duties of any regular employment with any employer whether or not subject to the act; moreover, it had to be reasonably clear, on the basis of medical evidence, that the condition was permanent. The result of this restrictive definition of disability, coupled with the high levels of physical and mental health necessarily required by the railroads, was to remove from active service persons who were disabled insofar as the practices in force on the railroads were concerned but who in many instances were not disabled for "regular employment for hire." Most of the latter had probably been following a single occupation for many years and usually were not qualified to take other jobs at comparable pay levels. In many cases, because of their age or physical handicap, they were unable to find any employment even under favorable labor-market conditions. Unless their disability became sufficiently aggravated to meet the restrictive requirement, the system left them unprotected until they reached their sixty-fifth birthday, when they became eligible for age retirement annuities, or, if they had 30 years of service, until their sixtieth birthday, when they became eligible for retirement annuities on a reduced basis. Furthermore, there were many other cases in which applicants under age 60 were disabled according to the statutory definition but lacked the required 30 years' service. The applicant in these circumstances had to wait until he reached age 60 before becoming eligible for an annuity.

Under the liberalized provisions, disability for the *regular occupation* is compensable. In general, the regular occupation is defined as the railroad occupation in which the individual was most frequently engaged in the last 5 years (not necessarily consecutive) in which he earned compensation; or as the one in which he was engaged during at least half of his working time in the last 15 consecutive years. To qualify for such an annuity, the employee must have a current connection with the railroad industry on the date the annuity begins, and must have at least 20 years of service or be at least 60 years of age. An employee has a current connection with the railroad industry if he was in railroad service in at least 12 calendar months in any period of 30 consecutive calendar months before the month in which the annuity begins. If the 30-month period does not immediately precede the month in which the annuity begins, the employee must show that he had no regular nonrailroad employment in the intervening months. Thus, if an employee loses his job through failure to meet the physical requirements, he will retain his current connection as long as he does not perform regular work outside the industry.

The liberalized act retains provisions for annuities based on total and permanent disability for all gainful employment, but eligibility was made easier by the reduction in the service requirement from 30 to 10 years for employees becoming disabled before age 60. A current connection with the railroad industry is not required.

Disability annuities of all types are a product of average monthly compensation earned while working in railroad employment and of years of service. Not more than 30 years' service can be counted if prior service (service performed before 1937, when contributions were first collected) is included. The basic formula used is number of years of service multiplied by a factor equal to 2 percent of the first $50 of average monthly compensation, 1½ percent of the next $100, and 1 percent of the next $150. Before the 1946 amendments, the disability annuity payable at age 60 to persons with less than 30 years of service contained a reduction factor proportional to the number of years the disabled individual was under 65 at retirement. The reduction provision was eliminated when the law was liberalized.

The formula results in a maximum monthly annuity equal to years of service multiplied by $4; in effect, there will be a further maximum of $120 until the end of 1966 because of the maximum of 30 years which can be counted as long as prior service is included. The new minimum monthly annuity, guaranteed to any employee who has a current connection with the railroad industry and at least 5 years of service, is the least of the following amounts: years of service multiplied by $3; $50; or average monthly compensation. This minimum is particularly significant to relatively young employees who are disabled after as few as 10 years of service. When the monthly payment would be less than $2.50, the Railroad Retirement Board converts the annuity to a lump sum.

With the introduction of the concept of disability for the individual's *regular occupation*, the law specifically requires that the Railroad Retirement Board cooperate with employers and employee organizations to establish standards determining the physical and mental conditions that permanently disqualify employees for work in various occupations of the railroad industry. The more than 2,000 occupations in the railroad industry have been classified into eight family groups, homogeneous with respect to the physical and mental demands made by the occupations contained therein. Medical standards have been developed for each of the groups, rather than for the individual occupations. An employee will be considered disabled for work in his regular occupation if he was disqualified by his employer for work in that occupation in accordance with the applicable standards. If he was not so disqualified, or if he was discharged because of disability from an occupation not his regular one, the Board itself makes the determination. The Board has no authority over the employment rights of any employee, nor may it require an employer to disqualify or not to disqualify an employee. If an employer chooses not to disqualify an employee who meets the standards for disqualification, the Board may not require his dismissal but will award him an annuity if he chooses to quit service of his own accord.

Until age 65, an employee on the disability annuity rolls must submit such proof of the continuance of disability as the Board may from time to time prescribe. For continuance of the disability annuity after age 65, the annuitant must relinquish his right to return to the service of either a covered employer or the person by whom he was last employed. He remains on the disability rolls, however, instead of being reclassified as an age annuitant.

Disability annuities, like age annuities, are suspended for any month in which the annuitant works for an employer covered by the system or for the last person by whom he was employed before his disability retirement. The disability annuity is not payable for any month before age 65 following the month of recovery from disability. Performance of casual or intermittent work does not of itself constitute evidence of recovery; the Board must consider each case on its merits to determine whether the person's ability to work is compatible with the ruling of disability. There is now an additional provision whereby an annuitant who earns in employment or self-employment more than $75 in each of any 6 consecutive calendar months is considered to have "recovered" in the last of the 6 months, regardless of his actual physical condition.

If a disability annuitant recovers and returns to work for the railroads, his additional years of service (excluding service performed after the calendar year in which he reaches age 65) are also credited toward any annuity subsequently awarded.

Railroad workers engaged in interstate commerce are not covered by a workmen's compensation system but may sue for damages under the Federal Employers' Liability Act in the event of injuries resulting from the negligence of the railroad carrier. The Railroad Retirement Act does not provide for withholding or reducing disability annuities if damages are collected.

The railroad retirement system does not distinguish between service-connected and ordinary disability. Moreover, the provisions relating to disability for all gainful work are such that a disability which occurs some years after the individual had left railroad employment and which cannot be presumed to have developed during his railroad service may be compensable. In this case, the disabled individual must have had 10 years' service or else be age 60, and—unless he has 5 years of service and can still meet the requirements of a current connection with the railroad industry—his annuity is not subject to the minimum guarantee. In contrast, other systems generally provide benefits for disability only if it develops while the individual is actually in covered employment or within a few months thereafter.

Disability annuities, 1947. — The liberalized disability provisions of the 1946 amendments were effective on January 1, 1947. Although the long-run effect of the amendments on the retirement rolls of the railroad system cannot yet be fully evaluated, indications are already apparent in a comparison of 1947 awards with those made in earlier years. The 1947 awards are not entirely representative of awards which will be made in future years; they include a backlog of cases of workers ineligible under the earlier law and others who, although eligible before the amendments, had postponed retirement until after the liberalized provisions were effective.

Half of all retirement annuities awarded in 1947 were for disability

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in the preceding year, disability annuities made up only 19 percent of the total. Disability awards totaled 21,549 in 1947, almost five times the number awarded in 1946. It is estimated that about two-thirds of the 1947 disability awards could not have been made under the provisions of the law before it was amended. The majority of the additional awards were made to employees who were under age 60 and had less than 30 years of service and who, therefore, regardless of whether or not they were totally disabled, would not have met the age or service requirement for disability annuities under the old law. A smaller group of the additional awards involved individuals who met the age or service requirement of the old law but could not qualify as totally disabled although they could meet the new test of occupational disability.

Of the 21,549 disability awards in 1947, more than two-thirds were based on occupational disability and the rest on total disability. This difference is artificial, however, in that it is due partly to administrative convenience in making disability determinations. It usually costs less to make an occupational disability rating than a rating of total disability. Since the amount of the annuity is the same, it is the Board's practice to award an annuity under the occupational disability provision in all cases in which the requirements of that provision are met (except for a few cases in which current connection may be difficult to establish), even if the employee is totally disabled. It is estimated that two-fifths of the employees rated under the occupational disability standards were actually totally disabled. Thus, of all persons who began receiving disability annuities in 1947, perhaps as many as three-fifths were totally disabled, instead of the one-third or fewer indicated by the type of annuity awarded.

Disability annuities awarded in 1947 averaged $63.50 monthly. The disability awards made in 1946 under the earlier provision of the act averaged $83.03 for the group with at least 30 years of service and only $36.82 for the group age 60 and over with less than 30 years' service. The annuity for the latter group was low, in part because service was relatively short and in part because the old law imposed a reduction factor proportional to the number of years the disabled individual was under age 65 at retirement. The average disability award in 1946 for the two groups combined was just under $70.

In April 1948 the railroad retirement system was paying disability annuities to 53,690 individuals.[4] The average disability annuity amounted to $69.48, only a few cents less than the average of $70.50 for the 150,147 persons receiving age retirement annuities in that month.

Workmen's Compensation

The earliest form of social insurance to develop in the United States was protection against work-connected injuries. Today, all States have workmen's compensation programs. The law in Mississippi, however, was enacted as recently as April 13 of this year, and the program will not be effective until January 1, 1949. In addition to the State laws, there are Federal workmen's compensation laws covering employees of the Federal Government, private employees in the District of Columbia, and longshoremen and harbor workers.

Workmen's compensation programs operate in a rather limited field of disability—limited in that less than half the total population is exposed to the risk of occupational accident or disease and in that only about 5 percent of all cases of total disability arise from such causes.[5] Even within this rather limited area, however, there are gaps in the programs, resulting primarily from coverage exclusions and from restrictions on the duration and amount of payments.[6]

Coverage.—None of the compensation laws is designed to cover all employments in the State. Most laws exempt such employments as agriculture, domestic service, and casual labor. Some States exempt all nonhazardous employments; the 12 laws which apply mainly to specifically designated "hazardous" or "extrahazardous" employments show wide differences in the comprehensiveness of coverage. The laws of 29 States exempt employers—or at least those in nonhazardous employments—who have fewer than a specified number of employees. Although this stipulated number ranges all the way up to 15, only nine of the 29 States exempt employers who have as many as five employees.

If a given type of employment is not exempted through one or the other of these various provisions, it falls within the scope of the compensation law. This does not mean, however, that workers in such employment are necessarily covered by the workmen's compensation program. In 25 States, the employer has the option of either accepting or rejecting the act. Employers who elect to reject the act lose the customary common-law defenses—assumed risk of the employment, negligence of fellow servants, and contributory negligence—and consequently it is probable that relatively few employers actually make such an election. In contrast to these elective laws, 23 State laws and the three Federal laws are compulsory, and every employer within the scope of these laws is required to accept the act and pay the compensation specified.

In some instances the laws are partly compulsory and partly elective. For example, many of the laws classified as elective provide compulsory coverage for public employees. Other laws that are compulsory in nature may nevertheless be elective with re-

[4] In addition, payments for disability were being made to about 7,400 of the total of 11,908 pensioners receiving payments in April (persons who had been on the employer pension rolls taken over by the Railroad Retirement Board after 1936).

[5] A further measure of the relative importance of industrial and nonindustrial accidents and sickness is provided by a recent study of absenteeism among manufacturing workers: the average days lost per worker in a year for industrial accidents or sickness are estimated at less than one-tenth the average lost by reason of nonindustrial accident or sickness. *Monthly Labor Review*, March 1948, p. 267.

[6] The provisions described in the following paragraphs relate to the laws as of September 1, 1947, Bulletin No. 78, U. S. Department of Labor, Division of Labor Standards, supplemented by the article, "State Workmen's Compensation Legislation in 1947," *Monthly Labor Review*, October 1947, pp. 415–418. The provisions of the newly enacted law in Mississippi have been added whenever possible.

spect to employers who have fewer than the number of employees that make coverage compulsory.

Additional coverage may be achieved under most laws through voluntary acceptance of the provisions by an employer who is legally exempt. Unlike the employer who falls within the scope of an elective act and has the option of accepting or rejecting it, the exempt employer loses no rights or defenses if he does not voluntarily accept the act. When coverage is not required by legislation or when the law does not permit voluntary acceptance, protection against the cost of work injuries may nevertheless be achieved outside the public workmen's compensation programs through insurance contracts which provide for employers' liability.

There is no accurate measure of the extent of coverage under the various workmen's compensation laws. Rough estimates usually place the coverage in the neighborhood of one-half to three-fifths of the gainfully employed workers in the civilian labor force.

Definitions of compensable injury in the various acts limit their coverage still further. Most States exclude injuries due to the employee's intoxication, willful misconduct, or gross negligence. As usually defined, a compensable injury is one "arising out of and in the course of employment." Originally, coverage was limited to accidental injuries and occupational diseases were excluded. By September 1947 the laws of 39 States and of the Federal Government provided for compensation of occupational diseases, or at least specified diseases. In 16 of the State and all three Federal laws, all occupational diseases are covered. The remaining 23 States have so-called schedule coverage, and only certain specified diseases are compensable.

Except for dust diseases, the benefit provisions for occupational diseases are usually the same as for accidental injuries. Seventeen States limit the benefits payable for silicosis or asbestosis, and 12 States pay no benefits if the worker is only partially disabled by these diseases. Some States also limit medical care for dust diseases.

Benefits for permanent disability.—Benefits for permanent total disability are payable for life in 16 States and under the act covering Federal employees. The other laws limit the payments as to duration (the time provided ranges from 260 to 1,000 weeks with a concentration around 500), total amount (the maximums range from $5,000 to $12,000, but relatively few are more than $7,500), or both duration and amount.

Most of the acts base compensation on a proportion of wages, commonly between three-fifths and two-thirds of the wage. Actually, however, many workers do not receive the amount indicated by these percentages because all States but one place a maximum limit on the weekly benefit amount. In several States the maximum is $30 or more. In most of the laws, however, the maximum is within the range of $18 to $25. Especially in a period of high earnings, the compensation payment of many workers is held down by the maximum on the weekly amount and replaces only a small fraction of the wage loss.

In eight States, the payments for permanent total disability are higher if the injured workman has dependents than if he is single. A few laws provide additional payments for an attendant if one is required.

Relatively few of the workmen's compensation awards in any year are granted for permanent total disability. This is due in part to the practice of carrying such long-term cases in the classification of "temporary total" for many years or at least during their early stages. Considerably more awards are for permanent partial disabilities. There are two types of permanent partial disabilities: those classified as specific or schedule injuries, such as the loss of an arm or the loss of the use of an arm, and "nonschedule" injuries that are of a more general nature. For nonschedule injuries the compensation is usually the percentage of the payment for total disability that corresponds to the percentage of wage loss or of reduction in earning capacity. Compensation for a specific injury is ordinarily payable at the same rate as for total disabilities but is measured in terms of a stated number of weeks. The number of weeks for which compensation is payable for the loss of a hand, for instance, ranges from 104 to 333 weeks in the various State laws. Thus the worker knows definitely what aid he can depend on after an injury and can attempt to adjust himself to his handicap and recover his place in industry within the given period.

In the majority of State laws the compensation payable for permanent partial disability is in addition to that payable during the healing period or while the worker is totally disabled. The other States subtract the payments for temporary total disability from the amount due for permanent partial disability. In either event, there are usually limitations on the total amount or duration of the compensation.

Of importance in assisting workers with partial disabilities to become self-supporting once more are the Federal-State provisions for rehabilitation through retraining, education, or placement and job guidance. Under a few laws, payments in addition to the regular compensation are allowed for vocational rehabilitation, usually for maintenance during training.

All compensation acts require that medical aid be furnished to injured employees. In 22 States, however, there are either duration or cost limitations—or both—on the amount of medical benefits provided. The laws of 12 States and the three Federal laws specifically provide that medical aid must be furnished without limit as to time or amount. In the remaining 14 States, medical benefits are virtually unlimited because the administrative agency can extend such services indefinitely.

No estimates are available as to the amount of compensation paid to permanently disabled workmen or the value of the medical aid they receive. For disabilities of ll types—including temporary disabilities, which are far more numerous but much less expensive on the average than long-term disabilities — compensation paid to workers amounted to an estimated $258 million in 1946. An additional $53 million was paid in cash benefits to the survivors of workers whose deaths resulted from their employment. The cost of medical and hospital benefits furnished injured workmen during 1946 was estimated at $125 million.

Military Service

War veterans.—The first public pensions paid in the United States were payments made to disabled or injured veterans on the basis of their service in the armed forces. In 1636, an enactment of the Pilgrims at Plymouth provided that any man who should be sent forth as a soldier and returned maimed should be maintained competently by the Colony during his life. Similar acts were passed in several other colonies. The first national pension law was enacted by the Continental Congress in 1776 and promised half pay for life or during disability to every officer, soldier, or sailor who lost a limb in any engagement or was so disabled in the service as to be rendered incapable of earning a livelihood. Since the Continental Congress was without money or real executive power, however, the execution of the 1776 act and the payment of the pensions it provided were left to the States. Federal payments to veterans were first provided through the act of September 29, 1789. During the ensuing 160 years the Federal Government has assumed primary responsibility for paying compensation or pensions to disabled veterans, and State aid to veterans has been concentrated on services rather than cash benefits.

The earliest Federal veterans' laws established, in effect, disability pension systems, limited in scope and providing relatively small benefits. Subsequent stages in the history of veterans' legislation are marked by an expansion of the coverage to include partially disabled veterans and to provide benefits for the dependents of deceased veterans. Still later, legislation was enacted to extend benefits to veterans with disabilities which had not been incurred in or as a result of service; and, finally, military service in itself, rather than disability, was the basis used in qualifying for certain payments.

Today, veterans of all wars—a group totaling more than 18 million in June 1947—have protection for non-service-connected disability as well as for disabilities resulting from service in the armed forces. The enactment of legislation as early as May 1944 to provide pensions for World War II veterans with non-service-connected disability represents a break with the tradition of postponing the provision of such benefits until quite some time after the end of the war. Similar protection for veterans of the Revolutionary War and the War of 1812 was enacted only some 50 years after those wars ended. The period between the end of the war and the date of the law providing for non-service-connected disability payments has become gradually shorter but was still as long as 12 years in the case of World War I.

Payments made to veterans who are disabled as a result of service in the armed forces are contingent upon few eligibility requirements. In general, compensation is payable if it can be shown or presumed that the disability was incurred in the service and was not the result of misconduct on the part of the veteran. No minimum period of active service is imposed, nor is there any limitation as to the size of income of the beneficiary.

For payments of pensions based on non-service-connected disability or injury, a minimum period of service is required—usually 90 days unless the veteran was discharged from the armed forces before 90 days for a disability incurred in line of duty. Persons discharged under conditions other than honorable are usually barred from such payments, as are veterans of World Wars I and II with annual incomes of more than $1,000 if unmarried and $2,500 if married or with children.

With respect to definitions of compensable or pensionable disability and the amount of payment, there are sharp distinctions between service-connected and non-service-connected disabilities. Under the provisions of the pension laws pertaining to World Wars I and II, a non-service-connected disability must be permanent and total to be compensable. For disability resulting from service, on the other hand, a disablement as slight as 10 percent entitles the veteran to a payment. The World War I and II pensions for permanent total disabilities not resulting from service are flat amounts but are higher for veterans who have been rated permanently and totally disabled for a continuous period of 10 years or who are 65 years of age and continue to be permanently and totally disabled. For service-connected disabilities of a general nature, the amount of the payment increases with the degree of disablement and, for total disability, is about double the amount payable to veterans of either World War when there is no service connection. For specific disabilities incurred in or as a result of service—anatomical losses, for instance—the laws provide a schedule of payments; increased payments are made for helplessness requiring regular aid and attendance.

In June 1947, nearly 2.4 million former members of the armed forces—largely veterans of World War II—were receiving pensions or compensation. A small group of these veterans—about 62,000—were Spanish-American War veterans who received payments by reason of age rather than disability. Of the total number of disabled veterans of the various wars, about 9 out of 10 were receiving compensation for disabilities directly or presumptively connected with their war service. The disabilities of practically all the World War II group had been incurred in or aggravated by service; the full effect of the provision for pensions for total disability not connected with military service will not be felt until these veterans reach the age when the so-called degenerative diseases manifest themselves. Relatively few of the World War II veterans receiving payments (only about 6 percent) had disability ratings of 80 percent or more. More than a third of the World War I veterans on the benefit rolls were either totally disabled—the requirement for non-service-connected disability pensions—or had service-connected disability ratings of 80 percent or more. For all wars combined, the group of veterans who were rated at least 80 percent disabled totaled more than 300,000.

The total of pensions and compensations paid to veterans for disability and/or age during the fiscal year ending June 30, 1947, amounted to more than $1.3 billion. The average annual payment for all wars was $561 (or just under $47 monthly). The combined average is heavily weighted by the inclusion of almost a million World War II veterans with disabilities of only 10

or 20 percent whose monthly payments average about $14 and $28, respectively.

Members of the Regular Establishment.—Compensation provisions for the regular armed forces were included in the act of April 30, 1790, to regulate the Military Establishment. A noncontributory retirement system for officers and enlisted men of the Regular Navy was enacted in 1857 and was followed in 1861 by systems for the Regular Army and for the Marine Corps. Retirement systems for the Coast Guard and for the Army and Navy Nurse Corps were established some years later.

The retirement systems for members of the Regular Establishment, in addition to longevity retirement, pro-

(Continued on page 23)

*Foreign countries with old-age, survivor, and/or invalidity insurance laws, January 1948**

Country	Coverage	Type of protection and date of first law		
		Old-age	Survivors	Invalidity
Albania	Employed persons	1947	1947	1947
Argentina	Commerce	1944	1944	1944
	Industry	1946	1946	1946
Australia [1]	All residents	1945	1945	1945
Austria [2]	Salaried employees	1906	1906	1906
	Wage earners	1938	1938	1938
Belgium	Salaried employees	1925	1925	1925
	Wage earners	1924	1924	1944
Brazil [3]	Commerce	1934	1934	1934
	Industry	—	1936	1936
Bulgaria	Employed persons	1924	1935	1924
Chile [4]	Manual workers	1924	—	1924
Colombia [5]	Employed persons	1946	1946	1946
Costa Rica	(6)	1946	1946	1946
Cuba	(7)	(7)	(7)	(7)
Czechoslovakia	Manual workers	1924	1924	1924
	Salaried employees	1924	1924	1924
Denmark	All citizens	(8)	(9)	1921
Dominican Republic	Employed persons	1947	—	1947
Ecuador	Commerce and industry	1935	1935	1935
Finland	All citizens	1937	—	1937
France	Employed persons [10]	1928	—	1928
Germany	Manual workers	1888	1911	1888
	Salaried employees	1911	1911	1911
Great Britain [11]	All residents	1925	1925	1911
Greece [12]	Commerce and industry	1922	1922	1922
Hungary	Commerce and industry	1928	1928	1928
Iceland [13]	All citizens	1909	1946	1911
Ireland	Employed persons	(14)	1935	1911
Italy	Employed persons	1919	1939	1919
Japan	Commerce and industry [15]	1941	1941	1941
Luxembourg	Wage earners	1911	1911	1911
	Salaried employees	1931	1931	1931
Mexico [16]	Commerce and industry	1942	1942	1942
Netherlands [17]	Employed persons	1913	1913	1913
New Zealand [18]	All residents	1938	1938	1938
Norway [19]	All citizens	1936	—	—
Panama [20]	Commerce and industry [21]	1941	—	1941
Paraguay [22]	Commerce and industry	1943	1943	1943
Peru [23]	Wage earners	1936	—	1936
Poland	Salaried employees	1927	1927	1927
	Wage earners	1933	1933	1933
Portugal	(24)	(24)	(24)	(24)
Roumania	Commerce, industry, etc.[25]	1912	(26)	1912
Spain [27]	Employed persons	1919	1938	1939
Sweden	All citizens	1913	1946	1913
Switzerland	All citizens [28]	1947	1947	(29)
U. S. S. R.[30]	Employed persons	1932	1922	1922
Uruguay [31]	Gainfully occupied	1934	1934	1934
Yugoslavia [32]	Wage earners	1937	1937	1937
	Salaried employees	1937	1937	1937

*Prepared in Foreign Social Security Studies Unit, Bureau of Research and Statistics.

[1] Benefits are subject to an income test. The pensions were originally noncontributory; invalidity and old-age benefits date back to 1908, and survivors pensions to 1942. The date shown is the year in which a social services contribution of 7.5 percent—destined for the National Welfare Fund established under legislation of 1943—was assessed against incomes above a specified amount. General income-tax rates were modified, so that the tax was not an entirely new levy.

[2] The German wage earners' pension system was introduced in Austria by executive order of Dec. 22, 1938, effective Jan. 1, 1939. An Austrian law of 1935 has never been made operative. Social insurance contributions in the prewar period were allocated in part to old-age assistance.

[3] In addition to the major systems, there are a number of other Nation-wide pension institutes based on occupation.

[4] Benefits under the salaried employees' system include family allowances, compulsory savings, and unemployment benefits, but not pensions. The manual workers' system includes the self-employed—small shopkeepers, farmers, etc.

[5] The law of 1946 has not yet been put into operation. Plans call for introduction of health and work-accident insurance in selected areas in advance of the pension programs.

[6] Covers selected groups of privately employed white-collar workers and all public employees, including laborers.

[7] Cuba has some 20 retirement systems (including several for public employees), which have been established at various times. Among them are systems for workers in the maritime, railroad, sugar, textile, and tobacco industries. No general program exists for industry or commerce.

[8] Noncontributory old-age pensions have been in effect since 1891; membership in a sickness society is necessary for receipt of the pension, but no contributions are payable. Payment of the pensions is dependent on an income test.

[9] Since 1913, noncontributory pensions, based on an income test, have been paid to widows and widowers with children under 18.

[10] A law of May 22, 1946, extended social security, in principle, to the entire population but is not operative. Old-age allowances based on income test are paid on a wide scale.

[11] Universal coverage was introduced by the National Insurance Act of 1946, effective July 1948. Noncontributory old-age pensions have been paid since the Act of 1908.

[12] Greece has many pension funds, some established before 1922 and some after that time. The 1922 law provided for establishment of a central social insurance agency for employed persons who were not members of existing organizations. This agency was set up in 1937.

[13] The old-age and invalidity pension acts of 1909 and 1911 were on a communal basis, with all residents required to contribute and benefits paid after an income test. The present national system is a contributory social insurance system.

[14] Noncontributory pensions are paid after an income test.

[15] Covers establishments employing 5 or more persons.

[16] The program operates in parts of the country only.

[17] The pension programs enacted in 1913 did not become effective until 1919.

[18] Old-age pensions have been paid since 1898, pensions for widows with children since 1911, and noncontributory invalidity pensions since 1936. A superannuation benefit—which is intended to increase gradually until it is equal to the age benefit—is payable without income test. The other benefits are subject to income test.

[19] The old-age pension is supported in part by a tax of 1 percent on incomes in excess of specified amounts. Payment of the pension is conditioned on an income test. National noncontributory pensions exist for blindness and crippling conditions, subject to an income test; widows may receive communal pensions if in need.

[20] Operates in parts of country only.

[21] Covers Government workers throughout the country; includes independent workers, subject to salary limitation.

[22] Though medical benefits under the law of 1943 are operative, the pension programs have not yet become effective.

[23] Operates in parts of the country only. Includes agricultural workers.

[24] 1933 legislation authorized trade-union provident funds and People's Institutes (for persons not in industry or commerce), with membership to be compulsory in certain cases. A gradual growth of old-age, invalidity, and other types of social insurance has resulted.

[25] Includes home workers, domestic servants, and master craftsmen, but not agricultural workers.

[26] Widows' and orphans' benefits are paid in case of need, for the duration of the need.

[27] Invalidity and old-age flat-rate pensions are supported exclusively by employer contributions of 3 percent of pay roll. Benefits are paid after an income test. Private pension plans are widespread in industry and commerce; they provide benefits as a right. Widows' and orphans' pensions, including those for childless widows, are paid under the family allowances program. The widows' benefits are conditioned on an income test.

[28] Also resident foreigners and some citizens resident abroad.

[29] Compulsory invalidity insurance has been in effect in some cantons.

[30] The basic law is the Labor Code of 1922, as amended. Decrees providing pensions for invalidity from general causes and for survivors date from 1928. Old-age pensions for workers in basic industries were established in 1930; for wage earners generally, in 1932; and for salaried employees, in 1937.

[31] General coverage for employed persons was enacted in 1934, but before then coverage had become broad through addition of occupational groups to the Public Utilities Retirement Fund, established in 1919. By 1948 the self-employed, agricultural workers, farm managers (including owners in this category), domestic servants, and employers had been covered.

[32] The Workers' Insurance Act of 1922 did not take effect, as to pension provisions, until 1937. For salaried employees, a decree of November 1937, effective Jan. 1, 1938, extended to the entire country a system previously operating in certain provinces.

The Cost of Unemployment Insurance: Part II

By W. S. Woytinsky*

In this article, the second of two, the author discusses the effect of statutory and administrative factors on the operation of an unemployment insurance system and outlines the implications of the findings on cost estimates for the future development of a rounded social security program. As in all Bulletin articles, the opinions expressed are those of the author and do not necessarily reflect the official views of the Social Security Administration.

THE PRECEDING ARTICLE dealt with estimates of the volume of compensable unemployment in relation to long-range cost estimates of an unemployment insurance program. By means of simplified "models" it showed how the volume of compensable unemployment was affected by possible combinations of labor-market conditions, in terms of rates of unemployment and labor turn-over, changes in the level of employment, and heterogeneity of the labor force. This article is concerned with the effect of administrative factors on the operation of the program and with estimates of the possible average volume of compensable unemployment in the course of a business cycle. In conclusion, an attempt is made to translate those findings into tentative cost estimates for various benefit formulas and for various assumptions related to the available reserve funds that can be utilized as an auxiliary source for financing the program under unfavorable business conditions.

Impact of Administrative Factors

Since all State unemployment insurance laws provide benefits for a limited duration of unemployment, we started our study of costs of unemployment insurance with an analysis of the proportion of unemployed workers in specified duration intervals. Actually, however, compensable unemployment is not identical with unemployment in a definite duration interval. The most important administrative factors that cause compensable unemployment to deviate from the strict duration pattern as discussed in the first article are the method of measuring the duration of benefits and the provisions in State unemployment insurance laws for the variable maximum and for disallowances and disqualifications.

Effect of Benefit-Year Concept on Duration of Benefits

State unemployment insurance laws determine the duration of benefits either uniformly for all eligible claimants (uniform maximum duration) or in accordance with the employment and earnings experience of the individual claimant in a preceding 12-month period (variable duration). In either case the statutory duration relates to a period of 52 consecutive weeks, which in some States is a specific period set by the State law (uniform benefit year) and in other States varies for the individual claimant (individual benefit year), most commonly starting with the first week for which he files a valid claim for benefits.

All State unemployment insurance laws but one provide for a maximum *cumulative* amount or duration of benefits during the benefit year, instead of relating these maximums to a single spell of unemployment. Only the first spell of unemployment during a benefit year, therefore, is compensable for the duration indicated by the benefit formula (for example, 14, 20, or 26 weeks). If a claimant returns to work after exhausting his benefit rights and becomes unemployed again during the same benefit year, he is not eligible for benefits until the beginning of a new benefit year. However, if his benefit rights were not completely exhausted in his first spell of unemployment, he is entitled to the remaining benefits up to the cumulative maximum or up to the end of the benefit year.

Thus, in States that provide a uniform duration, the potential duration of a claimant's benefits during a single spell of unemployment amounts to the statutory duration minus the duration of any unemployment for which he had already obtained benefits in the same benefit year. On the other hand, the method of defining the eligibility of unemployed workers for a 12-month period (benefit year) on the basis of their employment experience in a preceding 12-month period (base year) may make workers who were unemployed longer than the statutory maximum duration eligible for benefits in a new benefit year without intervening employment.

Even in States with uniform duration and individual benefit years, therefore, the potential compensable interval—in terms of the number of weeks elapsed after separation—is longer than the statutory maximum in some cases and shorter in others.

The cumulative effect of the factors curtailing the duration of benefits and those tending to increase the duration depends on business conditions. In prosperous times, when relatively few workers are without jobs and the employed labor force is fluid, many workers may have short spells of unemployment during a year; only a few will remain out of work for any appreciable period, however, and the previous compensable unemployment of the separated workers cannot be substantial on the average.

A similar situation develops at the depth of a depression—when more than 20 percent of all workers are unemployed, for example, and the labor market is extremely rigid. In these circumstances, there are few shifts between employment and unemployment; single spells of unemployment are long, and few persons are likely to have more than one spell of compensable unemployment during the same benefit year. When a worker loses his job for the second time during the benefit year, however, he is likely

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to discover that his benefit rights were largely or completely exhausted during the previous spell of unemployment.

On the other hand, if a moderate unemployment rate—for example, about 10 percent—is combined with a high separation rate—say, more than 5 percent per 4 weeks—two or more spells of unemployment within a benefit year become more usual, and an appreciable proportion of the separated workers are likely to have exhausted at least part of their benefit rights during an earlier spell of unemployment within the same benefit year.

The relative number of persons whose benefit rights are prolonged beyond the statutory maximum because they are entitled to benefits in 2 consecutive benefit years likewise varies with changing business conditions. Under typical conditions, this proportion is unlikely to exceed 2 percent when unemployment is low, and it may reach 4 or 5 percent when unemployment is heavy—15 percent or more. The probable net balance of the two factors depends on the level of unemployment. If unemployment is low, both factors are practically negligible. With mounting unemployment the practical significance of the curtailment of the potential duration increases and tends to outweigh the effect of the extension of benefits beyond a benefit year. All in all, when more than 15 percent of the labor force is out of work, compensable unemployment may be 3 to 6 percent less than the total volume of unemployment in the statutory benefit-duration interval.

Impact of the Heterogeneity of the Labor Force

The impact of the elimination of the assumption of perfect homogeneity of the labor force (equal chance of reemployment for all unemployed persons and equal risk of termination of jobs for all employed workers) remains to be examined. It seems plausible that a newly hired worker has a greater probability of being separated than does an old employee of a firm. This factor tends to increase the proportion of persons with several spells of unemployment during a single benefit year. In other words, the spells of unemployment will be distributed not at random but among a narrower circle of individuals; when one of this group becomes unemployed, he has probably exhausted a large part of his benefit rights in the preceding spells of unemployment. In addition, the new assumption suggests that, among the persons who are out of work at the close of the benefit year, the proportion who have insufficient wage credits to qualify for benefits in the new year just beginning is higher than among all persons covered by the program. Thus, the uneven distributions of the risks of unemployment and the chances of reemployment tend to reduce the average potential duration of benefit payments and consequently the volume of compensable unemployment. The effect of this factor on the volume of compensable unemployment cannot be estimated exactly since the computation would necessarily rest on a number of more or less arbitrary assumptions. A rough and purely tentative estimate of the impact of this factor at 3 to 6 percent seems to be on the conservative side.

Variable Maximum Duration

In adopting the principle of the variable maximum duration, which relates the claimant's potential maximum duration of benefits to his employment and earnings in his base period, the aim is to reduce the probability that the unemployment trust fund will be drained by persons who are loosely attached to the labor market and have comparatively long interruptions between short spells of employment. This principle is applied in 37 States that include more than 75 percent of the total covered labor force, while the principle of uniform duration is used in the other 14 States, with less than 25 percent of all covered employment.

The impact of a variable maximum duration varies widely from State to State and from year to year. It may be measured by comparing the statutory maximum with the average actual duration for claimants who exhausted their benefit rights. In 1941, for example, Alabama and Rhode Island had the same maximum duration of 20 weeks of benefits for claimants who qualified for the maximum, but the average actual duration for claimants who exhausted their rights in the benefit year was 17.3 weeks in Alabama and 9.2 weeks in Rhode Island. Both Iowa and Vermont in that year had a statutory maximum duration of 15 weeks, but the average actual duration for claimants exhausting their rights was 8.5 and 13 weeks, respectively. The weighted-average statutory maximum for all States with variable maximum provisions amounted in 1941 to 17.4 weeks, but the average actual duration for all persons who exhausted their benefits was only 10.4 weeks. The impact of a variable maximum-duration provision is conditioned to a large extent by the eligibility requirements in State laws.

The statutory maximum of 26 weeks, therefore, does not necessarily imply that all the unemployment in the duration brackets of 2 to 28 weeks is compensable. The statutory provision of a variable maximum entitles workers strongly attached to the labor market to benefits during 26 weeks, but it does not promise the same protection to persons with lower earnings, who constitute a substantial proportion of the unemployed. As a rule, therefore, the average potential duration for all claimants under such a program is substantially lower than 26 weeks. A program with a variable duration and a statutory maximum of 26 weeks must be fairly liberal for persons with irregular employment if all the claimants are to have an average benefit duration of 22 weeks.

All in all, the experience of States with a variable maximum duration suggests that the principle of adjusting the duration of benefits to the employment and earnings records of individual claimants may reduce the volume of compensable unemployment significantly. In estimating costs of an unemployment insurance program, serious attention should be paid, therefore, to provisions reducing the maximum duration of benefits for definite groups of claimants. The present article, however, deals with a program providing only uniform duration of benefits.

Disallowances and Disqualifications

When an initial claim is filed in a local office, the agency must first of

all determine whether the claimant is entitled to benefits. Often the claimant may not have sufficient wage credits to be eligible. His previous earnings in covered industries may prove to be insufficient, the establishment by which he was employed may not have been covered by the State unemployment insurance law, or he may have exhausted his benefit rights during an earlier spell of unemployment in the same benefit year. In brief, not all initial claims mark the beginning of a spell of unemployment that is compensable in the statutory duration interval.

The proportion of initial claims disallowed in a State because of insufficient wage credits depends on a great variety of factors, such as the qualifying earnings requirement itself, the composition of the labor force, the coverage of the State law, the procedure of claims taking and disposition of new claims, and the extent to which workers are familiar with the State law and aware of their rights. The proportion of disallowances may also vary with business conditions.

In all, 6.3 percent of all initial claims were disallowed in 1945 and 8.5 percent in 1946 because of insufficient wage credits. In individual States the percentage of initial claims disallowed in 1945 ranged from an estimated 0.6 percent in Wisconsin to 13.9 percent in Maryland. In 1946 the estimated range was from 1.6 percent in Wisconsin to 18.4 percent in Florida.

To the disallowances because of the lack or insufficiency of wage credits are added denials of benefits because of the claimant's unavailability for work and disqualifications for voluntarily leaving the job without good cause, misconduct, refusal of suitable work, and other reasons. The respective provisions of State laws are far from uniform, and administrative practices vary widely. The proportion of denials and disqualifications may be affected also by changing business conditions. The proportion of eligible initial claims denied on the issue "able to work and available for work" amounted to 5.8 percent in 1945 and 6.9 percent in 1946. Disqualification determinations as a proportion of all such claims were 5.3 and 6.2 percent, respectively, in the same 2-year period.

Table 10.—*Unemployment rate,[1] in a hypothetical 10-year business cycle*

End of year	Favorable conditions		Medium conditions		Unfavorable conditions	
	Pattern (1)	Pattern (2)	Pattern (1)	Pattern (2)	Pattern (1)	Pattern (2)
1	5	5	5	5	5	5
2	5	5	5	15	10	15
3	5	10	12.5	15	20	15
4	10	10	20	15	25	25
5	10	10	20	20	25	25
6	10	10	20	15	25	25
7	5	10	12.5	15	20	15
8	5	5	5	15	10	15
9	5	5	5	5	5	5
10	5	5	5	5	5	5
Average rate for the period	6.5	7.5	11	12.5	15	15

[1] Employed persons as percent of labor force.

The impact of disallowances and disqualifications on benefit disbursements may be roughly estimated as follows. Denials usually refer to a single week. Assuming that on the average each beneficiary is on the rolls for 10 weeks, 5 denials per 100 initial claims would mean about 0.5 denials per 100 compensable claims and would reduce the total number of compensable weeks proportionately. Disqualifications may affect the benefit rights of beneficiaries for several weeks and may represent a reduction in benefits even when the penalty is only postponement of payments. Assuming that each disqualification is equivalent to a net loss of 3 to 5 weeks of benefits, the cumulative effect of disqualifications of about 5 percent of all claimants may reduce the total amount of their benefits by 1.5 to 2.5 percent. Thus, denials and disqualifications may have cut the benefit load by 2 to 3 percent.

The impact of these administrative factors on the volume of compensable unemployment may be summarized as follows:

Total	15 to 23 percent
The effect of measurement of cumulative duration of benefits	3 to 6 percent
The impact of accumulation of repeated spells of unemployment among the same persons (heterogeneity of the labor force)	3 to 6 percent
Disallowances	7 to 8 percent
Denials and disqualifications	2 to 3 percent

This estimate does not take into account the effect of variability in the maximum duration.

Unemployment Insurance in a Business Cycle

To estimate the long-range cost of unemployment insurance it is necessary to visualize the operation of the program throughout a typical business cycle. There is no compelling reason why this cycle should repeat the pattern of 1923–33. Economic developments in that period appear to have been exceptional, and their repetition in the coming years is not very probable. In developing models of a more or less typical and probable cycle, various assumptions may be used and some of them are illustrated in chart 5.[1]

The types of economic development presented in this chart are described as "favorable," "medium," and "unfavorable," depending upon the severity of the economic set-back in the depression phase of the cycle. The shape of the patterns examined is irrelevant for the subsequent discussion. Only three general characteristics are essential: (a) the assumption of a satisfactory level of employment at the beginning and at the end of the 10-year period; (b) the assumption that employment declines in the early phase of the cycle and rises in its later phase; and (c) the range of variation in the average volume of unemployment in the three types of economic development—favorable, medium, and unfavorable.

The rate of unemployment according to these patterns averages 6.5 to 7.5 percent under favorable conditions, 11 to 12.5 percent under medium

[1] Charts 1–4 and tables 1–9 appeared in the first article.

conditions, and 15 percent in the event of an exceptionally severe depression in the middle of the 10-year period.

Variations in the unemployment rate for the 10 years of the hypothetical business cycle are shown in table 10. These figures require substantial adjustment, however, if changes in the size of the labor force are taken into consideration. On the assumption that there were 60 million persons in the labor force at the beginning of the 10-year cycle and 66 million at its end, 63 million persons would be in the labor force in the middle of the period, under normal conditions. This may be the case in the pattern exemplified in panel A of chart 5. Independently of the gradual growth of the labor force (at the rate of 1 percent a year), however, new job seekers invade the labor market during a protracted depression and constitute a steadily growing fraction of the unemployed labor force. At the depth of a depression—if we assume an unemployment rate of 25 percent for several years as in the unfavorable pattern—the labor force would be much larger than at the beginning of the 10-year period and might decline in the more advanced phase of the cycle, when conditions improve. Assuming that when unemployment rises by 1 million its increase includes 150,000 to 200,000 "additional workers," it is likely that the labor force would be inflated by 1.5 to 2 million under medium conditions (when the unemployment rate is supposed to reach 20 percent) and by 3 million under unfavorable conditions (when unemployment rises to 25 percent). Under this assumption, the labor force might vary during the 10-year cycle somewhat as shown in chart 6.

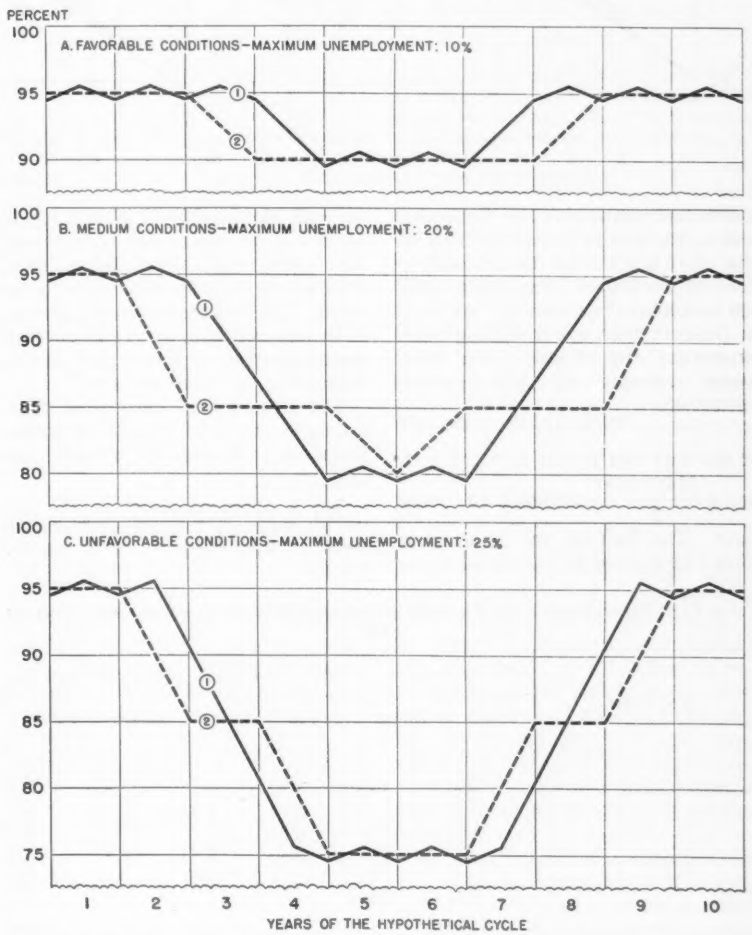
If this pattern of variation in the labor force is combined with the changes in the unemployment rate suggested by chart 5, the average absolute volume of unemployment throughout the 10-year period will appear higher than suggested above. The impact of changes in the labor force on *covered* unemployment and its relation to the *covered* labor force is very different, however. Since new entrants into the labor market—not only emergency workers but also boys and girls graduating from school—are joining the ranks of the unemployed but, having no wage credits, are not part of the covered labor force, the ratio of covered unemployment to covered employment in the advanced phase of a depression is lower than the corresponding ratio for the noncovered labor force. It is conceivable, in fact, that under unfavorable business conditions the covered labor force would decline from month to month while the total labor force was expanding through the influx of "additional" workers.

Though this reaction can hardly be measured statistically, it seems sound to assume that the growth of the covered labor force will stop when the unemployment rate is as high as 15 percent and the number covered will decline if the tide of unemployment mounts above this mark.

If covered unemployment is defined as including all unemployed persons with some work experience in covered industries and still seeking work in these industries, it is likely to change through a heavy depression as shown in chart 7.

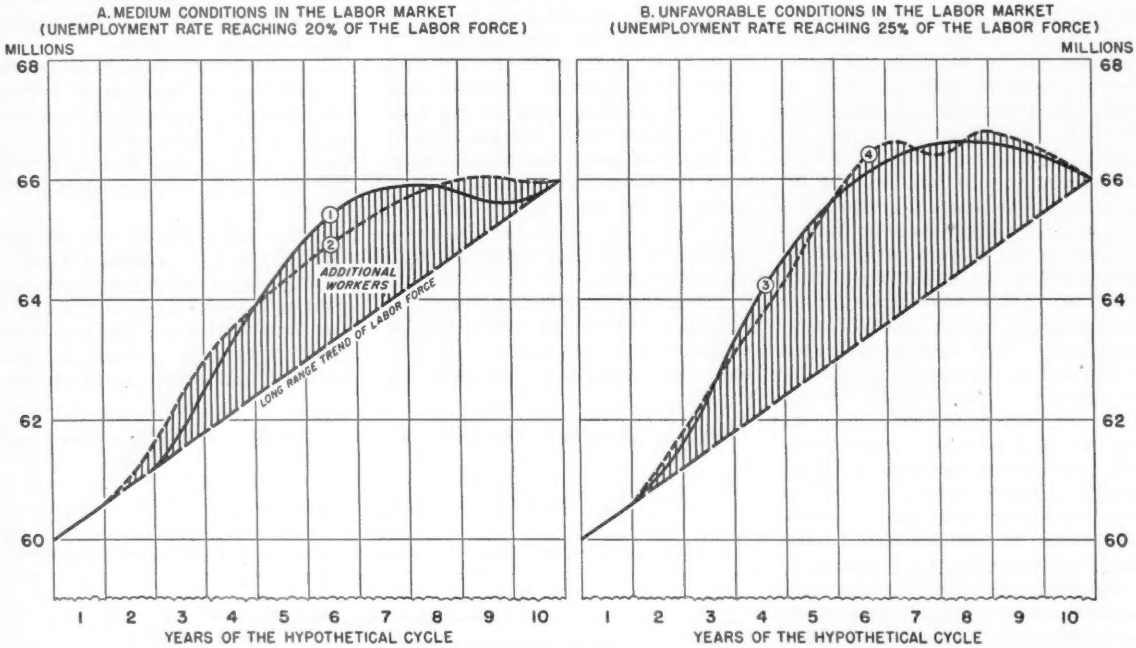
This chart portrays the development in the labor market through a 10-year period when the unemployment rate varies as in the panels B and C of chart 5 and the total labor force changes as in chart 6. It is assumed that under favorable em-

Chart 5.—*Hypothetical variations in the rate of unemployment* during a 10-year cycle*



*Employed persons as percent of labor force.

Chart 6.—*Hypothetical variations in the size of the labor force in a 10-year cycle, assuming considerable unemployment in the middle of the period*



ployment conditions (at the beginning and at the end of the cycle) half of the total labor force is attached to covered industries. Excluding 500,000 unemployed persons seeking work in these industries but lacking work experience, the covered labor force would amount to 29.5 million $\left(\frac{60{,}000{,}000}{2}-500{,}000\right)$ at the beginning of the surveyed period and 32.5 million $\left(\frac{66{,}000{,}000}{2}-500{,}000\right)$ 10 years later. The half of the total labor force represented by the upper curve on each plot in chart 7 is assumed to form a hump above the hypothetical long-range trend line, while the line of the covered labor force deviates downward. The retardation in the growth of the covered labor force cuts covered unemployment to almost half at the deep point of the depression.[2]

The hypothetical pattern of variations in the ratio of covered unemployment to covered labor force, under these conditions, is illustrated in table 11.

To estimate the compensable unemployment during these hypothetical business cycles, definite assumptions had to be made regarding the probable effective separation rates.[3] An examination of the ratios of initial claims to average covered employment during past periods indicates that, for the Nation as a whole, an average effective separation rate of 2 percent for the 10-year hypothetical cycles is reasonable. Assuming a 2-percent separation rate and the covered unemployment rates presented in table 11, it is possible to estimate the average annual compensable unemployment per 100,000 workers, under unemployment insurance programs providing benefits for 14, 20, and 26 weeks for all eligible claimants after a 1-week waiting period. Such estimates are shown in table 12.[4] From this table, hypothetical

Table 11.—*Variations in covered unemployment rates (percent) in a hypothetical 10-year cycle*

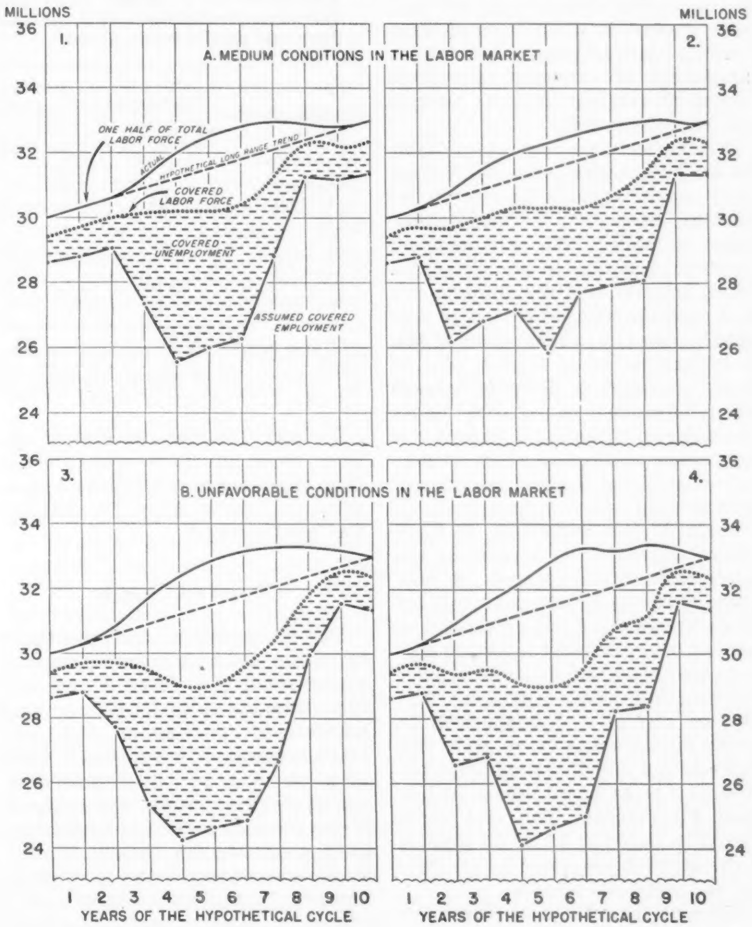
End of year	Favorable conditions		Medium conditions		Unfavorable conditions	
	Pattern (1)	Pattern (2)	Pattern (1)	Pattern (2)	Pattern (1)	Pattern (2)
1	3.4	3.4	3.4	3.4	3.4	3.4
2	3.4	3.4	3.4	12.1	7.0	10.7
3	3.4	8.5	9.1	10.8	14.2	9.4
4	8.5	8.5	15.1	10.1	16.3	16.9
5	8.5	8.5	13.6	14.4	15.0	15.0
6	8.6	8.6	15.9	8.2	16.0	15.3
7	3.5	8.6	7.3	9.2	12.7	12.2
8	3.5	3.5	3.5	10.9	6.3	12.0
9	3.5	3.5	3.8	3.5	3.3	3.1
10	3.5	3.5	3.5	3.5	3.5	3.5
Average rate during period	5.0	6.0	7.9	8.6	9.8	10.1

[2] For a fuller discussion see the author's monograph, *Principles of Cost Estimates in Unemployment Insurance*, ch. 7.

[3] In the first article, the "effective" separation rate was defined as the ratio of initial claims filed during a year to average employment.

[4] For more detailed discussion, see the monograph.

Chart 7.—*Hypothetical variations in the size of the covered labor force in a 10-year cycle, assuming considerable unemployment in the middle of the period*



average annual ratios of compensable unemployment per 100,000 persons in covered employment may be readily derived (table 13).

At first sight it may seem puzzling that the average compensable unemployment under the most unfavorable conditions differs so little from that anticipated for the favorable course of events. This difference does not appear understated if the contrast between favorable and unfavorable business conditions is examined more closely. The difference lies in the number of workers laid off in the declining phase of the business cycle. In both the unfavorable and the favorable patterns, these workers are added to the number suffering frictional unemployment. The increment may be measured as the difference between the volume of unemployment at the deepest point of the depression and that assumed for the same period under favorable conditions. For the pattern discussed, the difference between favorable and unfavorable conditions is 15 percent of the total labor force or 15,000 per 100,000 workers, but only about 8 percent of the covered labor force or 8,000 per 100,000 covered workers. If throughout the whole 10-year cycle frictional unemployment remained the same as under the most favorable assumption and the workers laid off because of deteriorating business conditions had no chance of finding jobs before the end of the depression, the additional load of compensable unemployment would amount to 8,000 times the statutory maximum duration of benefit payments. For a program with a maximum duration of 14 weeks, the additional load would be 112,000 weeks, for one with a 26-week maximum, 208,000. Distributed over a period of 10 years, the additional weekly load would approximate 215 per 100,000 workers in the first case and 400 per 100,000 in the second.

Administrative factors tend to reduce this additional load, while the decline in work opportunities for the workers who are assumed to be out of work under any business conditions acts in the opposite direction.

Cost of Unemployment Insurance

Most benefit formulas under State unemployment insurance laws are designed to furnish compensation amounting to 50 percent of the earnings lost by an individual worker because of unemployment. This does not mean, however, that the weekly benefits paid by the States to unemployed beneficiaries amount on the average to 50 percent of the weekly earnings of employed workers in covered industries. In fact, unemployment is not distributed at random among workers in different earnings classes. Those in the higher wage brackets, such as skilled factory workers, foremen, high-grade white-collar employees, and officials with executive and managerial responsibility, are not exposed to the same risk of unemployment as the rest of the covered labor force. On the other hand, manual laborers and young workers without experience or special skills are exposed to a higher-than-average risk of unemployment. The seniority rule and individual selection operate in the same direction: persons who have been with the same firm many years are likely to earn more than those whose work is interrupted time and again by spells of unemployment.

Although available unemployment insurance statistics provide no direct comparison between average earnings of claimants and those of other covered workers, they show conclusively

Table 12.—*Average annual compensable unemployment per 100,000 workers in a hypothetical 10-year cycle, with allowance for heterogeneity of the labor force and administrative factors*

Business conditions	Uniform duration of benefits (after a 1-week waiting period)		
	14 weeks	20 weeks	26 weeks
Favorable:			
Pattern (1)	2,430	2,715	3,000
Pattern (2)	2,805	3,080	3,475
Medium:			
Pattern (1)	2,775	3,230	3,685
Pattern (2)	2,910	3,568	4,080
Unfavorable:			
Pattern (1)	2,805	3,450	3,995
Pattern (2)	2,815	3,490	4,030

that benefit payments of unemployed workers average less than 50 percent of the average weekly earnings of workers in covered employment. If the maximum weekly benefit amount payable under each State law in effect at the close of 1946 were increased to $25 and wages paid by an employer to an employee were taxed up to $3,600, instead of $3,000, during a calendar year the average weekly benefit rate could safely be estimated at 45 percent of average weekly taxable earnings for the Nation as a whole.

The cost rate—benefit expenditures as a percent of taxable wages—can be estimated from the following formula: (compensable unemployment × average weekly benefit amount) ÷ (average covered employment × average taxable weekly wage). This formula is identical with the product of two ratios: (compensable unemployment ÷ average covered employment) and (average weekly benefit amount ÷ average taxable weekly wage).

By substituting 45 percent for the ratio of average weekly benefits to average taxable weekly wages in the second formula, the cost rate is found to be equal to 45 percent of the ratio of compensable unemployment to average covered employment. By applying the multiplier 0.45 to the ratios of compensable unemployment to 100 persons in covered employment, derived from table 13, the probable average annual cost of unemployment insurance through the hypothetical 10-year cycle as a percent of taxable wages is determined (table 14).

It should be borne in mind that these figures refer to benefit load and include no allowance for the administrative cost of the program. Neither do they make allowance for the possible changes in the pattern of turnover of unemployment, such as an agreement of employers and labor unions on rotating employed workers during a depression.

Furthermore the cost rates in table 14 are hypothetical averages; the actual cost for a single year in an individual State may be considerably lower or higher. The extremes tend to offset each other in the course of a cycle, however, and the ultimate cost of a program with benefits at 50 percent of wages up to a maximum of $25, a waiting period of 1 week, plus 26 weeks' duration is likely to average about 1.5 percent of pay rolls[5] under favorable conditions, 1.9 percent if a depression develops in which 20 percent of the labor force is unemployed, and perhaps slightly more than 2.0 percent if the depression is more severe and about 25 percent of the labor force is unemployed. A program providing benefit payments for 20 weeks will cost 1.3 to 1.5 percent of taxable pay rolls under favorable business conditions and 1.8 percent under the most unfavorable conditions. The average cost of a program with 14 weeks' duration may range, under the two extreme sets of assumptions, between 1.2 percent and somewhat less than 1.5 percent. The cost rates should be raised by 0.1 or 0.2 percent if the program also provides for partial and part-total benefits.

Although the difference between the unfavorable and medium patterns in table 14 is not large, it is worth stressing the point that the perspectives exemplified by the unfavorable patterns are not very probable for the next decade. In a realistic appraisal of the probable unemployment load, an unemployment rate of more than 15 percent in the near future should be discarded. With this correction, 2 percent of taxable pay rolls appears as the probable limit of the cost of benefits under a program with a uniform maximum duration of benefits of 26 weeks and a weekly benefit rate averaging 45 percent of average taxable weekly wages.

[5] Includes wages paid by an employer to an employee up to $3,600 per year.

Table 13.—*Average compensable unemployment per 100,000 persons in covered employment in a 10-year cycle, with allowance for heterogeneity of the labor force and administrative factors* [1]

Business conditions	Uniform duration of benefits (after a 1-week waiting period)		
	14 weeks	20 weeks	26 weeks
Favorable:			
Pattern (1)	2,558	2,858	3,158
Pattern (2)	2,984	3,277	3,697
Medium:			
Pattern (1)	3,013	3,507	4,001
Pattern (2)	3,184	3,904	4,464
Unfavorable:			
Pattern (1)	3,109	3,825	4,429
Pattern (2)	3,131	3,882	4,483

[1] Figures in this table derived by dividing the figures in table 12 by following ratios: favorable conditions, 0.950 and 0.940; medium conditions, 0.921 and 0.914; unfavorable conditions, 0.902 and 0.899.

In brief, the long-run cost of unemployment insurance seems to be less than one-third of the estimates made when the original Social Security Act was being drafted.

Reserve Funds

The accumulation of reserve funds by State unemployment insurance agencies has introduced a new and important factor in long-range cost estimates of the program. It is generally recognized that a reserve fund built up in a period of prosperity should serve to ensure the solvency of the program in time of depression. Such a contingency reserve is particularly necessary if the program is financed by moderate current contributions. Reserve funds serve their purpose, however, only if they are actually used from time to time: current contributions should be kept just above the limit of expenditures in good years. A program with huge reserves that continue to rise through all the phases of a business cycle is overfinanced and may exercise a deflationary effect on the economic system. It may even contribute to a rise of unemployment, by withholding from circulation a part of the current purchasing power. By the end of 1947, more than $7.3 billion—or the equivalent of 10 percent of taxable wages during that year—had been accumulated by the States in their unemployment insurance funds. The smallest reserves—in relation to tax-

able pay rolls—were in Michigan (5.7 percent), Massachusetts (5.8 percent), Alabama (6.9 percent), Delaware (7.4 percent), and Oklahoma and Texas (7.9 percent). Eleven States—Florida, Illinois, Indiana, New Mexico, North Dakota, Pennsylvania, South Carolina, South Dakota, Virginia, West Virginia, and Wyoming—had reserves ranging between 8.4 and 9.9 percent of taxable pay rolls. In 33 States, the ratios ranged from 10.0 to 14.2 percent, and one State—New Jersey—had a ratio of 15.2 percent.

So long as reserves of individual States are not pooled, each State must rely on its own reserve fund in planning its unemployment insurance system. Such planning should take account of the possibility that the reserve fund may be depleted in the lean years but will be at least partly restored during the recovery that is supposed to characterize the final phase of the cycle in our six hypothetical patterns. In other words, at the end of the 10-year period, the reserve fund should not have fallen below a specified limit.

The difference between the initial size of the fund and the hypothetical minimum to which the fund may be reduced at the end of the period may be prorated over 10 years as the contribution of the reserve to financing the program. For example, if the reserve fund amounted to 15 percent of annual taxable pay rolls at the beginning of operations and might be reduced over the period to 10 percent, the annual contribution from this source to financing the program would be equivalent to 0.5 percent of pay rolls. To this amount the interest earned by the fund should be added, say 0.3 percent of pay rolls in the first year of the cycle and 0.2 percent in the last year, or an average of 0.25 percent annually for the whole period. In this instance, the contribution of the reserve and interest earned would average 0.75 percent of taxable pay rolls annually.

These general considerations may be applied to different levels of reserve funds at the beginning of the hypothetical 10-year period. If the period begins with a reserve fund amounting to 5 percent of taxable pay rolls, this fund will probably suffice as a contingency reserve during a depression.

Table 14.—*Probable average annual cost of unemployment insurance in a 10-year cycle as a percent of taxable pay rolls*

Business conditions	Uniform duration of benefits		
	14 weeks	20 weeks	26 weeks
Favorable:			
Pattern (1)	1.15	1.29	1.42
Pattern (2)	1.34	1.47	1.66
Medium:			
Pattern (1)	1.36	1.58	1.80
Pattern (2)	1.43	1.76	2.01
Unfavorable:			
Pattern (1)	1.40	1.72	1.99
Pattern (2)	1.41	1.75	2.02

Suppose mass unemployment develops 3 or 4 years after the beginning of operations; by that time the reserve will amount to 6 or 7 percent of pay rolls. The reserves may be spent almost completely in the lean years, but they should be restored in the later phase of the cycle, when employment is recovering. Thus, only interest earned by the reserve fund should be considered as a means of current financing of the program. This interest is likely to average somewhat less than 0.1 percent of taxable pay rolls annually.

If the system starts with a reserve fund amounting to 10 percent of taxable pay rolls, the interest earned by the fund may amount to 0.2 percent. Apart from this, the system will apparently remain financially sound and solvent if its reserve fund by the end of the decade remains as high as 7 percent of annual pay rolls. Thus the contribution from the reserve fund distributed over 10 years will be equivalent to 0.3 percent of annual pay rolls. The reduction of the reserve fund will necessarily curtail the amount of interest, however, from 0.2 percent to 0.15 percent of annual pay rolls. As a result, the annual contribution of the reserve fund to financing the program will total 0.45 percent of pay rolls.

If the system starts with 20 percent of annual pay rolls in reserve, the fund may be allowed to drop to less than half this amount—say, to 9 percent of pay rolls by the end of the decade. In this event its annual contribution to financing the current program will be 1.1 percent of pay rolls from the reserve and approximately 0.3 percent provided by interest.

To sum up, the annual contribution of the reserve fund to financing the program, under the most unfavorable business conditions, may be estimated as follows as a percent of annual pay rolls:

Reserve fund at beginning of 10-year period	Reserve fund at end of 10-year period	Annual contribution of fund to financing current expenditures		
		Total	Interest	Reduction of fund
5	5	0.10	0.10	--------
10	7	.45	.15	0.30
15	8	.90	.20	.70

The current contributions necessary for financing the program are determined by subtracting these rates from those suggested in table 14.

To protect the system against a precipitous drop in its reserve fund, the average contribution rate suggested above may be increased. It would be sound to increase the annual cost by 0.2 percent of taxable wages if the system starts operation without reserve funds, and by 0.1 percent if it starts with reserves amounting to 5 percent of annual taxable pay rolls. With this additional safeguard for the solvency of the program, the average pay-roll contribution rate (percent of taxable pay rolls) would be as follows:

Reserve fund at beginning of operation as percent of taxable pay rolls	Uniform duration of benefits		
	14 weeks	20 weeks	26 weeks
0	1.60	1.90	2.20
5	1.40	1.70	2.00
10	1.00	1.30	1.60
15	.50	.80	1.10

Thus, under normal conditions, a State that has accumulated reserves equivalent to 12.5 percent of annual taxable wages may finance a program providing for 26 weeks of benefits with a contribution rate of 1.3 to 1.4 percent. This rate may prove too low for States that have experienced a particularly heavy benefit load—such as Michigan or Massachusetts—and too high for the States with an exceptionally light benefit load—as the District of Columbia—but it is likely to fit the conditions in States whose pattern of employment and unemployment approaches that prevailing in the United States as a whole.

How To Utilize Unemployment Insurance Reserves

The conclusion is inescapable: the existing system of State unemployment insurance, which at the time of its inauguration seemed to be threatened by insolvency, has proved to be overfinanced. It is still overfinanced in many States, despite the increased duration of benefits, shortened waiting period, and curtailed contribution rates in all State programs.

Several factors have been responsible for this situation: the extreme, though defensible, conservatism of the unemployment insurance program as incorporated in the original Social Security Act; the sudden upturn in labor-market conditions under the impact of the defense program and war boom; the comparatively light unemployment during mobilization and reconversion; the favorable employment outlook for the coming years.

Because of the concurrence of all these factors, the aggregate reserve funds of State unemployment insurance agencies are now about $5 billion larger than they need be as a comfortable contingency reserve. Even if all the State programs were revised to provide for 26 weeks of benefits and if contribution rates were curtailed as suggested in this article, the reserve funds would not decline much during the next 10 years. Furthermore, it is not certain that they will decline at all. If unemployment is stabilized on a level slightly higher than now, if the cyclical set-backs in production in the coming years are not very severe and are partly absorbed by the practice of sharing the work, and if Federal and State public works are timed in such a way as to offset the business cycle, the suggested contribution rates may prove to be too high and the Federal-State unemployment insurance system would have, by the end of the 1950's, the same amount of reserves as now. Under particularly favorable conditions, the reserve may even rise by that time to $10 billion.

It may be argued that no harm was done by the accumulation of reserves during the war and that no harm will result from their further rise under the hypothetical conditions described. During the war the surplus of collections over outlays in the unemployment insurance system acted as a deflationary (anti-inflationary) measure. As long as there was a surplus of purchasing power in the Nation that could not be used because of the shortage of consumer goods, extraction from circulation of a few billion dollars of idle money tended to diminish the inflationary pressure on the economic system and had no adverse effect on the real earnings of workers or the standard of living of other consumers.

It may be argued also that the hypothetical conditions that might result in a further growth of reserve funds in the coming years presume the predominance of inflationary forces in our economy, and in such a situation a program with a surplus of collections over disbursements would be preferable to one operating in the red.

From the standpoint of economic theory, these are very serious arguments. It should be borne in mind, however, that unemployment insurance is essentially a tool of social policy rather than part of an economic program. The purely economic effect of an unemployment insurance program of the usual type is necessarily limited by the fact that, in the event of a heavy and long depression, the benefit payments can offset only a small fraction of the losses in earnings and purchasing power of the population. With contributions amounting to 1.3 percent of taxable wages and outlays fluctuating between 1 and 2 percent of wages, the contribution of such a program to the Nation's economic equilibrium throughout a business cycle cannot be very important. Its contribution to the security of individuals exposed to the risk of unemployment, however, is considerable. Not only does it protect millions of temporarily unemployed workers and their families from need and destitution, but it also gives a feeling of security to scores of millions of persons who are threatened by the possible interruption of their earnings.

Unemployment insurance has the same purpose as other branches of social security: to ensure a minimum income to those suffering the risk at the time the risk is incurred. It contributes to the general welfare by the fact that in terms of satisfaction of needs, each dollar, in its operation, weighs more when it reaches the claimant than it weighed when it was collected.

From this point of view, accumulation and perpetuation of huge reserves constitute a serious shortcoming in the present program. Why should billions and billions of dollars be kept sterile when they could be put to work for the advantage of the community?

There is no formula that shows the optimum level of the unemployment insurance funds and how they should be used to serve most effectively the goals of social policy and the general welfare. A strong argument might be made, however, in favor of utilizing the surpluses of the funds for promoting the security of the working population with respect to those risks that are not covered by the present program. *Temporary* disability is such a risk and one that from the point of view of the affected individuals is not essentially different from the risk of unemployment. The main difference between the two hazards is that, in the case of temporary disability, the interruption of current earnings is combined with additional expenditures for doctors' bills and medicine.

It is realized that the issue of health protection and medical help to low-income groups of the population is too complex to be handled in connection with the problem of reserve funds of the unemployment insurance system. But at least one aspect of this issue—the problem of interruption in the flow of earnings—is very close to the objective of unemployment insurance. A worker can be protected against the risk of temporary disability in the same way as against the risk of unemployment and under the same program, properly amended.

Three States have already expanded their unemployment insurance programs to include temporary disability insurance. Unemployment insurance protection for railroad workers has also been extended to cover the risk of illness. In a dozen more States the problem is under consideration, in various phases of discussion and legislative action. The trend in this direction is perfectly clear, and it seems

appropriate to stress here how the discussion of the cost of unemployment fits into this new development in social security in the United States.

The conclusion of our analysis of the long-range costs of unemployment insurance is that this form of social insurance is much less expensive than it was believed to be 10 years ago and that it can be made still less expensive by the proper utilization of existing reserve funds. This conclusion implies that if, in the future, the community is willing to spend for the social security program the same fraction of current incomes as it was ready to put aside for unemployment insurance in 1935, it can protect its workers not only against the risk of unemployment but also against the risk of temporary disability.

According to the opinion of experts, satisfactory insurance against temporary disability might be financed by contributions at a rate of 1 percent of pay rolls, whether split between employers and employees as in old-age and survivors insurance or collected by a pay-roll tax on employers. The writer believes that a split arrangement is preferable because it would encourage direct participation of employees and employers in the program's operation. Starting with a reserve fund amounting to 10 percent of annual taxable pay rolls, a joint program of unemployment and temporary disability insurance—for 26 weeks of benefits—might be financed in this case by a combination of a 2-percent pay-roll tax and an 0.5-percent employee contribution, with the provision that, if disbursements are larger than collections, the difference will be met during the next 5 or 10 years from the reserve fund.

Such an arrangement would require, of course, a revision of certain provisions of the Social Security Act and of State laws, and enactment of measures to protect the solvency of States that would start operation with insufficient reserves. The problem might be solved in different ways which cannot be discussed in detail in the present article. It suffices to state here that the difficulties are trivial in comparison with those the Nation has surmounted since the inauguration of its social security program.

(*Continued from page 13*)

vide payments for disability which are based on rank and which are payable, in general, only after relatively long service. An individual who is eligible for payment under one of the retiretirement systems as well as under veterans' legislation (which bases the payment on the degree of disability without regard to rank and which has only negligible service requirements) has the option of choosing the higher payment.

For the enlisted personnel of the Regular Establishment, the retirement systems compensate only permanent incapacity after 20 years of service; persons disabled before serving 20 years may draw disability compensation under the laws administered by the Veterans Administration at peacetime rates, which are slightly lower than those payable on the basis of war service. Under the provisions of these systems, officers may be retired for service-incurred disability without regard to length of service. One basis for disability retirement, for instance, is failure to pass a physical examination for promotion.

No data are available as to the number of disability retirants under the special systems for members of the Regular Establishment. The total number of persons retired—for age or service as well as for disability—was almost 63,000 in June 1947, and payments for the fiscal year ended in 1947 amounted to about $130 million. The Veterans Administration was making payments in June 1947 to 43,000 veterans of the Regular Establishment for disabilities incurred in service other than during a war period; the annual value of these payments was $23 million.

Summary

Fairly well-rounded disability protection is available to almost 5 million members of the civilian labor force who are covered by special public retirement systems. For the approximately 33 million industrial and commercial workers covered by Federal old-age and survivors insurance in an average week, extended or permanent total disability is not compensable under public programs unless it results from a work-connected injury or accident (and even then benefits may be definitely limited as to duration and amount) or unless the disabled individual is a veteran who can meet the eligibility requirements for pension or compensation. And for an additional 16 or 17 million persons in agriculture or domestic service or in business for themselves, no public protection against disability is available unless they can qualify under the veterans' program.

Through the inclusion of provisions for premature retirement due to disability, the special public retirement systems are able to offer greater continuity of protection than they could otherwise achieve. An individual who qualifies for a disability annuity has the assurance that during his disablement he will receive some income—although perhaps only a small amount if his disability occurs after relatively short service. When he reaches the age at which members of the system retire for superannuation, his annuity is continued even though he may recover subsequently. If, on the other hand, he recovers before retirement age, his return to employment covered by the system is encouraged and he is given an opportunity to build up rights to a retirement annuity.

The special retirement systems differ in their relationships to the workmen's compensation programs covering the same groups of employees. In general, however, the protection which the worker has in the event of injuries resulting from his employment is reinforced—rather than duplicated—by the disability provisions of the special retirement system. The special system commonly picks up where the workmen's compensation program leaves off, through supplementing the amount of the workmen's compensation benefit or through continuing a benefit after workmen's compensation is no longer payable.

Federal Responsibility for Payment of State Unemployment Insurance Administrative Expenses

By Gladys R. Friedman and Roy O. Kinsinger*

Because of the general interest in administrative financing of the State unemployment insurance system, the Bulletin believes that the description of the methods used by the Social Security Administration in reviewing State budgets and distributing Federal funds for proper and efficient administration of State systems of unemployment insurance will aid in an understanding of existing problems.

PROBABLY NO ASPECT of the Federal-State system of unemployment insurance has caused more internal discussion and irritation than problems involved in the granting of funds for State administrative expenses. While many of these irritations are inevitable and occur in any type of organization, public or private, purely State or purely Federal, when fiscal questions are involved, some of the difficulties that arise may stem from the provision for 100-percent Federal financing of State administrative costs in the unemployment insurance program.

The provision for 100-percent Federal financing of State administrative costs is unique in the history of Federal grant-in-aid programs in this country. It sprang from the desire of Congress to assure adequate administrative machinery in every State, large or small, rich or poor, agricultural or industrial, because of its conviction that unemployment was a national problem and that it was of concern to the Nation as a whole that adequate machinery for administering unemployment insurance should exist in every State.

The 100-percent Federal financing of State administrative costs has been criticized by the Federal Government and by the States on a number of grounds. The Social Security Administration has been concerned with two primary problems: (1) the fact that the provision does not assure State responsibility for obtaining necessary funds and therefore State interest in economical expenditure of such funds; and (2) the anomaly of the Federal Government's determining the costs of proper and efficient administration of State laws while the States have the actual responsibility for administering the laws. The States, on the other hand, while objecting to many of the fiscal standards of the Social Security Administration, have in fact been more concerned with what they feel is the inadequacy of the total congressional appropriation and the congressional method of deficiency appropriations. The method used by the Federal Government to distribute available funds among the States has concerned both the State and the Federal Governments. The problem is to provide funds necessary for the proper and efficient administration of individual State laws and still provide an equitable distribution of available funds among the 51 jurisdictions. Equity should be secured without penalizing States that have historically operated at low cost and by giving weight to quality as well as to quantity of operations. This is difficult to achieve because there is a wide variation in the functions that States feel they must perform in actually administering their laws, in the intensity with which they feel they must perform these functions, and in the procedures they employ in carrying them out. Furthermore, some of the State concepts of sound administration differ from the concept of the Federal Government concerning what is "necessary" and what can actually be provided from available funds.[1]

Within the framework of existing legislation, however, much has been accomplished throughout the years in developing among the States a sense of responsibility for the appropriation request to Congress and an awareness of the statutory responsibility of the Federal Government in distributing funds among the States, as well as in developing in the Social Security Administration a concern over the genuine difficulties that the States face when they must gear their operations to Federal standards and available funds. Without question, it is the consensus that the present provision for financing State administrative costs has assured more adequate administrative machinery in all States than any other provision, including more conventional grant-in-aid procedures; it has also assured a richer operation for the unemployment insurance program than many other purely State functions. Over the years 1938–47, the cost of operating the State employment service and unemployment insurance programs amounted to 8.5 percent of State tax collections and 20.8 percent of benefit payments. The relatively high relationship to benefit payments is due to the fact that the period includes the war years, when benefit payments were at a low level and the States had to maintain their organizations.

Federal Legislative Framework

The Social Security Act (section 302 (a) of title III) provides that the

*Bureau of Employment Security. Edna J. Lawrence and Raymond L. Margetts of the Bureau staff helped greatly in preparation of the basic material. The article is largely a reproduction of a memorandum sent in April 1948 to Frank Bane, research assistant to the committee on Federal-State relationships of the Hoover Commission on Organization of the Executive Branch of the Government.

[1] This article is confined to a discussion of State unemployment insurance administrative costs covering fiscal years up to June 30, 1948. It does not consider the problems that had been involved in distributing the administrative costs of a single State agency administering three programs—employment service, unemployment insurance, and veterans' readjustment allowances—under separate appropriations administered by three separate Federal agencies. Considerable simplification in the budgeting process is anticipated beginning July 1, 1948, when the Veterans Administration will handle the budgeting for readjustment allowance administration directly with the States and when the employment service and unemployment insurance budgeting will be integrated federally and the States given complete flexibility in the use of administrative funds between the two programs.

Administrator of the Federal Security Agency shall from time to time certify to the Secretary of the Treasury for payment to each State that has an unemployment insurance law approved by the Administrator such amounts as he determines to be necessary for the proper and efficient administration of such law. The Administrator's determination shall be based on (1) the population of the State, (2) an estimate of the number of persons covered by the State law and the cost of proper and efficient administration of such law, and (3) such other factors as the Administrator finds relevant.

To be certified for grants, a State law must be approved under the Federal Unemployment Tax Act and must include the following provisions stipulated in section 303 (a) of the Social Security Act:

(1) Such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Administrator shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Administrator to be reasonably calculated to insure full payment of unemployment compensation when due; and

(2) Payment of unemployment compensation solely through public employment offices or such other agencies as the Administrator may approve; and

(3) Opportunity for a fair hearing, before an impartial tribunal, for all individuals whose claims for unemployment compensation are denied; and

(4) The payment of all money received in the unemployment fund of such State (except for refunds of sums erroneously paid into such fund and except for refunds paid in accordance with the provisions of section 1606 (b) of the Federal Unemployment Tax Act), immediately upon such receipt, to the Secretary of the Treasury to the credit of the unemployment trust fund established by section 904; and

(5) Expenditure of all money withdrawn from an unemployment fund of such State, in the payment of unemployment compensation, exclusive of expenses of administration, and for refunds of sums erroneously paid into such fund and refunds paid in accordance with the provisions of section 1606 (b) of the Federal Unemployment Tax Act: *Provided*, That an amount equal to the amount of employee payments into the unemployment fund of a State may be used in the payment of cash benefits to individuals with respect to their disability, exclusive of expenses of administration; and

(6) The making of such reports, in such form and containing such information, as the Administrator may from time to time require, and compliance with such provisions as the Administrator may from time to time find necessary to assure the correctness and verification of such report; and

(7) Making available upon request to any agency of the United States charged with the administration of public works, or assistance through public employment, the name, address, ordinary occupation and employment status of each recipient of unemployment compensation, and a statement of such recipient's rights to further compensation under such law; and

(8) Effective July 1, 1941, the expenditure of all moneys received pursuant to section 302 of this title solely for the purposes and in the amounts found necessary by the Administrator for the proper and efficient administration of such State law; and

(9) Effective July 1, 1941, the replacement, within a reasonable time, of any moneys received pursuant to section 302 of this title which, because of any action or contingency, have been lost or have been expended for purposes other than, or in amounts in excess of, those found necessary by the Administrator for the proper administration of such State law.

The administration of the law must also meet the requirements of section 303 (b) and (c). Subsection (b) specifies that whenever the Administrator, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that in the administration of the law there is:

(1) A denial, in a substantial number of cases, of unemployment compensation to individuals entitled thereto under such law; or

(2) A failure to comply substantially with any provision specified in subsection (a);

the Administrator shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such denial or failure to comply. Until the Administrator is so satisfied, he shall make no further certification to the Secretary of the Treasury with respect to such State.

In subsection (c) the law specifies that the Administrator shall make no certification for payment to any State if he finds, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law:

(1) That such State does not make its records available to the Railroad Retirement Board and furnish to the Railroad Retirement Board at the expense of the Railroad Retirement Board such copies thereof as the Railroad Retirement Board deems necessary for its purposes; or

(2) That such State is failing to afford reasonable cooperation with every agency of the United States charged with the administration of any unemployment insurance law.

The Administrator has delegated to the Commissioner for Social Security responsibility for determining the amount of the appropriation request for title III funds, for certifying the State law as meeting the requirements of section 303 (a), (b), and (c), and for certifying the grants to the States for proper and efficient administration. Upon the Bureau of Employment Security rests the responsibility of recommending to the Commissioner the certifiability of State laws and the amounts considered necessary for State operation of unemployment insurance.

Appropriation Request for Title III Funds

Obviously, before funds can be distributed to the State agencies for the proper and efficient administration of their laws, Congress must first appropriate funds for the ensuing fiscal year. An estimate of the total

amount of funds needed by the State agencies for the entire fiscal year must be made by the Bureau approximately a year in advance of the fiscal year for which the funds are budgeted to the States. This procedure has been modified and improved during the years to obtain direct State participation in preparing the material used by the Bureau in drawing up the request to the Federal Bureau of the Budget for title III funds.

During the year 1945, in cooperation with the Administrative Financing Committee of the Interstate Conference, plans were laid for participation by State agencies in determining the appropriation needed for administering State unemployment insurance laws. This cooperative arrangement is accomplished by a series of joint meetings of selected State and Bureau technicians and the Administrative Financing Committee, at which the national economic assumptions for the fiscal year in question are considered and the work-load factors to be estimated in making the appropriation request are determined. The national economic assumptions are then sent to the States, which prepare work-load items for the budgetary period in the light of their knowledge of local conditions. The forecasting of work-load items is difficult in a program like unemployment insurance, in which changes in economic conditions immediately bring about changes in work load.

Upon receipt of the work-load estimates from each State agency, a group of State technicians meeting in Washington with the Bureau staff analyze the estimates and agree upon a national total of work-load items.

Each State agency is then requested to submit its estimated man-hour and cost requirements for the specified work-load items, together with information about individual State conditions, such as legislative changes, procedural changes, and any other factors bearing upon the fiscal outlook. The Bureau analyzes the data received to determine from the combined operations of the 51 State agencies what the average cost of each major function will be, as well as to compare individual State costs with past experience and with other States. The analysis is discussed in detail at another meeting with State representatives of the Administrative Financing Committee. After this discussion, the appropriation request is prepared independently by the Bureau. The amount of the appropriation actually requested represents the best estimate of State needs for the fiscal year. The total amount requested is held as confidential, according to Budget Bureau regulations, and is withheld from the States until the information is made public at the time the budget is submitted to Congress.

Preparation and Review of State Agency Budgets

Several changes have also taken place in the budgetary methods used by the Bureau in distributing Federal funds among the States. In the early days of the program it was found that determining fiscal needs of 51 State agencies operating under 51 different State laws and with varying industrial and economic conditions was a difficult task because of lack of comparability among the States and because there had been no prior experience with unemployment insurance in this country. In such circumstances the Bureau reviewed budgets on a line-item base. Difficulties arose, however, because appraisal of costs depended almost wholly on the exercise of individual judgment. The line-item listing in the budgets of personnel (constituting about 80 percent of total administrative costs) by organizational units within a State afforded no comparison among States because the organizational structures of State agencies were not comparable. In addition, salary scales of State personnel varied widely, and the Administration, from the very beginning of the program, has followed a policy of providing funds for State personnel at rates that are comparable with those for other State governmental functions.

Time and cost reporting.—Accordingly, in the latter part of 1939, preliminary studies were made to develop a system in which personnel time and operating costs could be distributed in terms of the functions performed. As a result, a standard functional coding system was developed by the Bureau, with the assistance of a committee of State technicians. This system was put into effect in a number of State agencies early in 1940. Although the time-distribution system has never been mandatory upon the States, all State agencies except Alaska now maintain such a program.

The primary purpose of this coding is to provide a means for recording and reporting the time of State agency personnel on a functional basis, regardless of the variations among the States in organizational structure and regardless of the exact pay-roll designation of the employee's job or the organizational unit where the work is performed, since every State agency has certain major functions that must be performed, such as collecting employer contributions, maintaining wage records, taking claims, and paying benefits. Supervisory time is prorated to applicable functional operating time, minor activities are combined into major functions, and work-load measurements are related to each major function. In this way, unit times are obtained for all major functions.

Establishment of a functional time-distribution program and the collection of data on work-load items over a period of time made it possible to prepare and appraise both State budgets and the appropriation request for title III funds on a functional basis. However, it has been recognized from the beginning that State-by-State comparisons of functional time serve only as a guide for further investigation of the differences caused by the wide variations in State laws and other State characteristics.

Budget preparation by States.—Twice a year the States prepare joint budgets covering their needs for the unemployment insurance program (UC), the veterans' readjustment allowance program (VA), and employment service activities (SES). The budget requests cover major categories of expenditure, that is, personal-service costs, supplies, communication services, travel, printing and binding, rental of equipment, repairs and alterations of equipment, rental of premises, repairs and alterations of premises, costs of heat, light, and water, purchases of equipment, and miscellaneous expenditures.

Items in each category of the non-personal-service costs are identified

as far as possible for each of the three programs—UC, VA, or SES—and the charges that cannot be identified are segregated between the SES program and the combined UC-VA programs on a prorated basis. Certain basic principles have been formulated to guide the States in making such identification and segregation.

The number of personnel hours applicable directly to the operation of each program is estimated according to the method prescribed by the Federal agency that will allot the funds—Social Security Administration, Veterans Administration, and United States Employment Service. The direct operating hours for unemployment insurance activities have, since 1943, been built on the basis of estimated work loads for each function and a unit time derived from past experience (functional personal-service hours divided by applicable work load) and adjusted for changes in requirements and variations in work load. The work-load items are included in the reports of data received by the Bureau from the State agencies in the regular statistical reporting program.

The major functions and their work-load measurements are listed in table 1.

Table 1.—*Major functions and their work-load measurements*

Function	Description	Work load
Contributions	Determining employer liability; collecting pay-roll taxes; maintaining employer accounts; depositing collections; auditing accounts of employers for liability; etc.	Sum of estimated number of subject employers for each quarter during budgetary period.
Experience rating	Charging benefit payments to employer accounts and determining contribution rate under the experience-rating law.	Maximum number of subject employers liable.
Wage records	Examining and verifying wage records; processing, sorting, and filing; maintaining social security account number files; etc.	Number of wage items received.
Claim determination	Preparing initial claims for processing; computing benefit amounts; notifying claimants; preparing transcripts; filing; handling activities arising from possible disqualification issues, labor disputes, or lack of wage credits; etc.	Number of new claims disposed of on first determination.
Benefit payments	Processing continued claims; preparing checks; posting ledger; distributing checks; correcting over or underpayments; reconciling benefit payment account; investigating fraud; etc.	Number of weeks compensated.
Initial-claims taking	Taking initial and additional claims; answering claimants' questions; transmitting claims to central office or to other liable States; handling correspondence; etc.	Number of new and additional claims received in local offices.
Continued-claims taking	Taking waiting-period and continued claims; posting information to claim-record cards; handling correspondence; transmitting claims to central office or to other liable States; etc.	Number of waiting-period and compensable claims received in local offices.

For each of these seven functions, the State estimates the work load that it anticipates for the budgetary period, after receiving from the Bureau a statement on national economic assumptions for that period. The work-load estimates for the State unemployment insurance budget are prepared in the same manner as are the work-load estimates for the appropriation request for title III funds. The estimates are submitted to the Bureau. After review and discussion the States prepare their budgets in terms of the work-load items agreed upon. The estimated work load for each function, multiplied by the unit time for each function found from past experience to be applicable to a work load of similar size, represents the direct operating hours for the unemployment insurance program in the State.

The total personal-service cost for the combined UC-VA programs is determined by adding the UC and VA direct operating hours shown by function to the total UC-VA administrative and staff hours and increasing the total by a percentage allowance for leave based on past State experience. The total hours for the two programs are then multiplied by an average hourly rate determined for the UC-VA program.

Budget appraisals by the Bureau's regional representative.—The States submit their budgets to the regional offices of the Social Security Administration and forward one copy to the Bureau in Washington. This advance copy is checked in the Washington office for mathematical errors and any other points that seem out of line, and the regional representative is advised of any special points at issue. Before reviewing the budget with the States, the Bureau's regional representative makes his independent review of the budget and discusses with the USES regional representative those items considered by the State as joint UC-VA and SES costs. In some instances, the review with the State is scheduled simultaneously with that of the USES representative.

The Bureau's regional representative is responsible for appraising that portion of the budget request covering UC direct operating personal services and the total administrative and staff and non-personal-service requirements of the UC-VA program. He bases his appraisal on the State's past experience and his personal knowledge of the details of State operations, as well as on data supplied by the Washington office on operations in other States. If sufficient justification is not contained in the budget, he gets additional information from the States.

Any adjustments deemed necessary by the regional representative are recorded on the budget, explained to the State, and included in his recommendations to the Washington office. Although the regional representative strives in the interest of harmonious Federal-State relations to obtain concurrence in the budgetary adjustments, the procedures provide that any State agency that differs with his opinion may submit a statement to the Bureau setting forth its reasons for disagreement.

Budget appraisal by the Bureau's Washington office.—In its review of the budgets as recommended by the regional representatives, the Bureau staff verifies the mathematical accuracy of the adjustments made and compares and analyzes the recommendations for all States in order to ascertain that all the budgets have

been reviewed uniformly. In cases in which it is felt that the recommendation for any phase of the budget has been too liberal in comparison with the recommendation for other States, the regional representative is consulted for further adjustment or justification. The budgets are also reviewed to determine that they comply with the basic standards in the areas of fiscal, personnel, and general business management established by the Bureau for insuring proper and efficient administration.

The Bureau's staff works jointly with the staff of the Veterans Administration in apportioning between the two programs the joint costs contained in the budget. The method of apportionment and acceptance of the identifiable items for either program is a matter for negotiation between the two Federal bureaus.

It is also the Bureau's responsibility to recommend amounts that will keep within the funds made available by Congress. If the recommended budget amounts exceed the title III funds available for distribution, the Bureau must determine a method of adjusting all the budgets that will still maintain equity among the States.

Recent Developments

During the past year the Bureau has given a great deal of consideration to the solution of two difficulties that have arisen in the budgetary method employed—the short period of time in which the budget review must be completed and the need for a contingency appropriation to meet unexpected developments.

Only about 6 weeks are allowed for review of State budgets by the Bureau because (a) it is not practicable for the States to begin to prepare their budget requests earlier than 3 months preceding the beginning of the budgetary period, (b) the larger States need at least a month in which to prepare their budgets, and (c) it is desirable to have the final budget determinations made and the States notified at least 2 weeks before the beginning of the budgetary period. Because of the short time that can be allotted to the budget reviews, arbitrary determinations necessarily have to be made regarding funds requested for expanded activities and increased costs. Moreover, in view of the fact that both the State budget requests and the regional office recommendations usually exceed the amount of title III funds made available by Congress, there falls upon the Washington office the responsibility of adjusting the regional representatives' recommendations to funds available in order to secure as much uniformity as possible among the regions and the States. In large measure this procedure has had the effect of nullifying the policy of decentralizing budgetary determinations to the regional offices and, in addition, has been the cause of much irritation in Federal-State relationships.

In seeking a solution to this problem, the Social Security Administration during the past year has endeavored to work out with each State tentative standard budgetary allowances for varying levels of work loads based on each State's own experience. These allowances are being developed and applied on a functional basis for direct personal-service costs and on an over-all basis for all indirect costs. The standard budgetary allowances will remain unchanged from one budgetary period to another unless and until factual studies, initiated either by the State or the Bureau, demonstrate the need for changing the allowances. The standard budgetary allowances for personal services, both direct and indirect, are being developed and applied in terms of man-hours. The hours are converted to dollars by multiplying the man-hours by the agency's pay-roll rate. It is necessary to use the current hourly pay-roll rate because the rate is affected by staff lay-offs and accessions, which are usually confined to lower-salaried personnel.

The problem of determining the factors to be used in the standard budgetary allowances is complicated by the fact that each State agency must maintain a basic organization regardless of work load and that unit costs usually are high when work loads are low, and vice versa. The reason is that most of the overhead costs, such as supervision and rents, remain constant, and, in addition, a minimum of operating personnel must be retained as stand-by requirements regardless of how low the work load may go.

In developing the basic factors for the standard budget allowances, the goal would be to determine through factual studies the budget needed in each State to maintain an adequate basic organization and the maximum work loads that such a basic organization could handle. Each State could then receive a constant grant for its basic organization plus an additional allowance for work loads in excess of the maximum established for the basic organization. This approach, however, would necessitate technical studies that would be very expensive and would require a prohibitive length of time to complete.

Therefore, to expedite the development of standard budgetary allowances, the Bureau has analyzed each State's actual time-distribution experience for the 4 years ended December 31, 1947, and on the basis of such experience has established for each State basic factors that, when applied to estimated work loads, produce a budgetary allowance comparable to past experience. It is also developing a basis for determining (1) the minimum budgetary needs of each State that in effect will represent its basic organizational requirements and (2) the maximum work loads that can be handled by the basic organization determined.

In the development of this plan it is desirable to coordinate the standard budgetary allowances and the annual appropriation request and to require the States to anticipate at the time the appropriation request is developed their budgetary needs in excess of the standard allowances to cover expansion and increasing costs of operation.

Because the unemployment insurance program is extremely dynamic, responding quickly to changes in economic conditions that are difficult to forecast and prepare work-load estimates for, the Bureau has often found it necessary to request a deficiency appropriation. Further, other contingencies may occur such as unexpected increases in salary scales and legislative changes. Often, however, the necessary funds are obtained so late that the State agencies face difficult staffing problems. Accordingly, during the past year the Social Secu-

rity Administration, in its request for title III funds, included a sum to be set up as a contingency reserve, subject to control and release by the Budget Bureau, to be used in the event that national work loads exceed those used in the approved appropriation. Although the contingency fund requested for the current period was not approved, efforts to secure approval of the plan are being continued since it would alleviate much of the budgeting problem.

Granting of Funds

Normally, Federal funds for administration are granted to State agencies each calendar quarter. Occasionally, however, when approval of the appropriation is delayed or a deficiency appropriation is pending or budget submittals or approvals are delayed, it has been necessary to make a 1-month grant as an advance of funds.

Before the grant is made, the Bureau determines whether the State law and its administration meet the requirements of section 303 of the Social Security Act. If there is a serious question regarding conformity, the grant may also be made for only 1 month, by the end of which a determination can be made based on further inquiry and consultation with the State.

The Bureau, upon approval by the Commissioner for Social Security of the amount of funds to be granted to each State agency, prepares a voucher in the approved amount drawn upon the United States Treasury and payable usually to the State treasurer.

Concluding Remarks

Despite the difficulties inherent in allocating Federal funds on an equitable basis for the proper and efficient administration of 51 State laws that vary widely in a great many details, the Social Security Administration in cooperation with the State agencies themselves has developed methods that are more objective than seemed possible when the program began. Moreover, this cooperative effort is continuing. Although much still remains to be done to make the budgetary process both scientific and flexible enough to meet the needs of the program, there is little question but that Federal responsibility for allocating the funds necessary for proper and efficient administration of State unemployment insurance systems has enabled State agencies throughout the country to maintain administrative operations that are comparable from State to State in a way that never would have been possible if each State's administrative costs were left to individual State determination.

Group Annuities Supplementing Retirement Benefits Under Old-Age and Survivors Insurance

By Weltha Van Eenam*

The objective of a contributory social insurance program is to underwrite a minimum degree of protection against the common risks that threaten the economic security of wage earners and their families throughout a nation. Once that basic protection is assured, private plans and individual thrift can more surely build up relatively adequate and assured income when wages cease. Experience under the Federal program of old-age and survivors insurance has demonstrated that the program has stimulated rather than hindered the development of private plans that supplement the basic social insurance system.

Group annuity plans, discussed in this article, are only one of several types of retirement plans in effect in private industries. In recent years, "trusteed" plans have become very common; these may involve the use of insurance contracts (either group or individual) or establishment of trust funds in which actuarially adequate reserves are accumulated for direct disbursement. Some of the largest groups of industrial employees are now covered by plans administered by the employer and financed through a special liability account. In terms of number of employees protected, the group annuity is the most important of all the various types of insured plans. Nearly 1,800 group annuity contracts were in force in the United States as of December 31, 1946, according to an estimate of the Life Insurance Association of America. These plans covered nearly 1.5 million employees.

The present study is based on an analysis of 376 group annuity plans underwritten by insurance companies between the latter part of 1942 and the end of 1946. The information was derived from booklets furnished by the insurance companies that underwrite the great majority of group annuities in the United States. The booklets were made available on the understanding that they would be used for analytic study and that the industrial organizations would not be identified by name.

Eligibility

Usually, eligibility to participate is based on a minimum length of service or service and minimum age (table 1). By screening out the casual or short-term employee, the plans eliminate much unproductive recordkeeping. Some plans also relate eligibility to earnings. Such a requirement is usually for purposes of coordinating the plan with Federal old-age and survivors insurance benefits.

Sixty-two percent of the plans (235) required more than 1 year of service (table 2). The most common requirement was 5 years (119 plans) and the next most common, 1 year (114 plans). Thirty-eight percent

*Office of the Actuary. This article is based on a longer study by the author, *Analysis of Recent Group Annuities Supplementing Retirement Benefits under Old-Age and Survivors Insurance*, Actuarial Study No. 25, February 1948. Copies of the monograph, in limited numbers, are available on request from the Office of the Actuary, Social Security Administration.

Table 1.—*Distribution of group annuity plans by type of eligibility requirements*

Type of requirement	Number	Percentage distribution
Total	376	100.0
Service only	167	44.4
Service and minimum age [1]	115	30.6
Service and upper-limiting age plus either a minimum age or minimum earnings requirement or both	63	16.8
Service and salary	20	5.3
Salary only	5	1.3
Full-time employee only	4	1.1
Other	2	.5

[1] 8 of these plans also have a minimum earnings requirement, usually $3,000 a year.

specified a minimum age requirement—30 years, most commonly.

Sixty-three plans set a maximum age limit for entrance other than the normal retirement age that in most plans is the effective maximum. An upper age limit would seem to exclude persons most in need of retirement benefits. The majority of the 63 plans, however, relax these restrictions for older employees already working at the inauguration of the plan or include the statement that such employees will receive benefits under some other arrangement.

In addition to other requirements, 35 plans have an earnings requirement, usually $3,000 per year. Five other plans condition eligibility on earnings alone. The majority of plans with an earnings requirement cover salaried employees only. There are 54 plans (about 14 percent) limited to salaried employees only, regardless of other conditions for eligibility.

Normal and Optional Retirement Ages

Most group annuity plans are designed to retire employees at a uniform age, usually 65. If an employee is retired before the normal retirement age specified, the benefits payable at the earlier date are usually the actuarial equivalent of the benefits already purchased and payable at normal retirement. In the present study there are five plans which provide that if he meets certain conditions of age and/or service, an employee who elects to retire before normal retirement age will receive more than the actuarial equivalent of the benefits that would have been payable at age 65. Retirement later than normal is not mentioned in 20 percent of the descriptive booklets. In the 300 that provide for later retirement, the most usual provision is that the employee may continue to work with the employer's consent, but with benefit payments beginning at the normal retirement date. All the plans provide that contributions of both employer and employee cease at the normal retirement date; one plan, however, allows the participant to elect to continue his own contributions.

Table 3 shows normal retirement ages under the 376 plans crossed with earlier optional retirement ages when such classification is feasible. Eighty-two percent of the plans retire participants at age 65, 15 percent retire men at 65 and women at 60, and the remaining 3 percent retire workers before or after age 65. In this latter group, 6 plans retire both men and women before age 65 and the remaining plans retire men later than 65. When a plan first goes into effect, if many employees are near retirement age, the plan commonly provides that the normal retirement age will be deferred beyond 65 (but usually not later than 70) for present older employees.

Optional retirement before normal retirement age is important in considering the flexibility and generosity of the plans. Only five of the 376 plans do not provide for earlier retirement. The majority condition earlier optional retirement on age alone. The most usual time for earlier retirement, with or without other restrictions, is within 10 years of normal retirement—found in 83 percent of the plans. Of those with conditions in addition to age, 33 specify a minimum number of years of service with the firm or of participation in the plan; typically, 10 is the number of years specified.

Disability either alone or in combination is a condition in 31 plans (18 of these provisions are classified in table 3, and 13 are in the miscellaneous group). A distinction should be made between earlier retirement for disability and regular disability benefits, such as those payable under many public retirement plans. In the latter case the disabled participant usually receives a larger retirement benefit than the actuarial equivalent of the annuity that would normally commence at 65, since the provision is conceived as insurance against the risk of invalidity. Earlier retirement for disability as permitted in these 31 plans simply makes the retirement age more flexible.

Retirement Benefit Formulas

The 376 plans are of two main types: the definite-benefit (335) and the money-purchase (41). The method most commonly used for providing benefits under both types consists of the annual purchase of a small paid-up (unit) annuity deferred to retirement date. Under definite-benefit plans the benefit formula is predetermined and the contributions for a given year are the amounts necessary to provide the benefits for that year of service. For example, the annual benefit for a particular year of service might be expressed as 1 percent of annual earnings for that year, the

Table 2.—*Distribution of plans by service and minimum age requirements*

Years of service	Minimum age							
	Total	None	Less than 25	25	30	35	Men 35, women 30	Miscellaneous
Total	376	232	7	32	71	27	2	[1] 5
None	11	10			1			
Less than 1	16	11	1		3			1
1	114	76	4	6	22	5	1	
2	46	33	2	5	5	1		
3	62	32		13	13	3		1
4	5	2		1	1	1		
5	119	65		7	26	17	1	3
Miscellaneous	3	[2] 3						

[1] Includes 1 specifying age 40 for men, 35 for women; 1 with age 21 for men, and 30 for women; 1 with age 30 for men, and 35 for women; 1, age 28; and 1, age 40 for all employees.

[2] Includes 1 plan requiring 1½ years, 1 requiring 10 years, and 1 with service varying with age.

total benefit at retirement age being the sum of the benefits for all years of participation. The necessary total contribution for a given year depends upon the attained age of the employee. Usually under definite-benefit plans in which the employee and employer share the cost, the employee contributes a fixed percentage of earnings and the employer contributes the balance needed to purchase the deferred annuity representing the benefit for that particular year of service. Thus the employer contribution will increase as the attained age of the employee increases. The money-purchase type provides for a predetermined contribution rate, which is a fixed percentage of earnings. Usually the employee contributes, and the employer's contribution is a like amount or a multiple thereof. The benefit is the annuity that the combined contributions will buy on an actuarial basis. The amount purchasable per dollar of contribution at the younger attained ages will be greater than at the higher attained ages. By and large, for money-purchase plans, the *benefit* purchased varies by attained age; for definite-benefit plans, the employer's *rate of contribution* varies by attained age.

Benefits are provided either by joint contributions from employer and employee (contributory plans) or by contributions from employer only (noncontributory plans). Practically all the money-purchase plans and more than half the definite-benefit plans are contributory, as is shown by the following distributions:

Type of plan	Money-purchase plans	Definite-benefit plans	All plans	
			Number	Percentage distribution
Total	41	335	376	100
Contributory	39	178	[1] 217	58
Noncontributory	2	157	159	42

[1] 15 of these plans are contributory on the higher portion of earnings on which benefits are based and noncontributory as to the lower.

The preceding discussion relates mainly to benefits based on service after the inauguration of the plan. Most plans also provide for benefits based on service before the plan was adopted. The cost of these past-service benefits, which are generally based on earnings at the time the plan was inaugurated, is always paid by the employer. Such benefits are usually expressed as definite-benefit annuities for each year of credited past service, even for plans that use the money-purchase method for future-service benefits (only one uses the money-purchase method for past-service benefits).

Table 3.—*Number of plans by earlier optional retirement age and other conditions according to normal retirement age*

Years before normal retirement, and other conditions (if any)	Normal retirement age: Total	60	Men 65, women 60	65	Other
Total	376	5	55	[1] 308	8
5 years	3			3	
10 years	264	3	44	211	6
15 years	2			2	
Number of years not specified	25	2	2	21	
10 years, and years of service or participation	33		5	27	1
10 years, and disability or hardship	10		2	8	
10 years, and years of service or disability	8			8	
Miscellaneous	[2] 26		2	23	1
None	5			5	

[1] Includes 28 plans that defer normal retirement age beyond 65 if employee is within 5–10 years of retirement when he joins the plan (this is a permanent feature of these plans).
[2] Most of these have alternative provisions.

Since the benefits provided under Federal old-age and survivors insurance are based on the first $3,000 of annual earnings, many of the group annuity plans, in supplementing these benefits, provide a relatively larger benefit based on annual earnings over $3,000 than on the first $3,000 of annual earnings. In studying benefit formulas, therefore, differentiation has been made as between the first $3,000 of earnings and earnings in excess of $3,000.

Most of the definite-benefit plans that vary the benefit formula give higher benefits for earnings above $3,000, although a few vary the formula according to age or time when earned. Among the 335 definite-benefit plans, 150 different benefit formulas are used.[1] The most common, found in 32 plans, provides ¾ of 1 percent of the first $3,000 of annual earnings and 1½ percent of annual earnings over $3,000 for each year of future service and ¾ of 1 percent of annual earnings (both above and below $3,000) for each year of credited past service. The following tabulation gives the four most common formulas.

Percent of earnings for each year of—: Future service, First $3,000	Future service, Over $3,000	Past service, First $3,000	Past service, Over $3,000	Number of plans	Percent of 376 plans
¾ of 1	1½	¾ of 1	¾ of 1	32	9
1	1	1	1	23	6
1	2	1	1	18	5
1	1½	1	1	16	4

Considering future service only, the four most common formulas are:

Percent of earnings: First $3,000	Percent of earnings: Over $3,000	Number of plans	Percent of 376 plans
¾ of 1	1½	74	20
1	2	43	12
1	1	41	11
1	1½	30	8

For most employees the larger part of the total future-service benefit is geared to the first $3,000 of earnings. The most common percentages used are:

Percent of earnings	Number of plans	Percent of 376 plans
1	122	32
¾ of 1	85	23
½ of 1	11	3
1½	9	2

In general, past-service benefits are based on the earnings of the year immediately preceding the inauguration of the plan; a few plans use the

[1] A detailed study of the variations in the benefit formulas is presented in the longer monograph. Only the general findings are summarized here.

Table 4.—*Distribution of contributory and noncontributory definite-benefit plans by relative future-service benefit rates for specified earnings groups*

Classification	Number of plans			Percentage distribution		
	Total	Contributory	Noncontributory	Total	Contributory	Noncontributory
Total	335	178	157	100	100	100
Uniform for all earnings	71	25	46	21	14	29
Plan covers only first $3,000 or less	4	2	2	1	1	1
Plan covers earnings above $3,000 only	31	24	7	9	13	5
Higher on earnings below $3,000	1	----	1	----	----	1
Higher on earnings above $3,000	228	127	101	69	72	64

average of the preceding 5 years. The most commonly used formulas for past service are the following:

Percent of earnings		Number of plans	Percent of plans with past service
First $3,000	Over $3,000		
¾ of 1	¾ of 1	86	25
1	1	75	22
½ of 1	½ of 1	29	9
¾ of 1	1	10	3

The past-service benefit formulas are in general less generous, especially with respect to earnings over $3,000, than those for future-service benefits. There is less differentiation in the future-service and past-service benefit formulas applicable to earnings below $3,000 than in the formulas for earnings above $3,000. Among the 376 plans, only 24 percent do not differentiate for future service, while for past service there is no differentiation in 60 percent of the plans that provide for past service. Most commonly the formulas provide the same percentage per year of service for future and past service on earnings up to $3,000, but give one-half as much for past as for future service on earnings above $3,000.

There is considerably more uniformity in benefit formulas among noncontributory than among contributory plans (table 4). The five most common benefit formulas (combination of future and past-service unit-benefit rates) account for 36 percent of the noncontributory plans and 19 percent of the contributory.

Limitations in Determining Credited Past Service

In providing benefits based on service performed before the plan became effective, about 76 percent of the plans exclude some or all past service. Only 38, or 10 percent, exclude all past service. Most of the latter employers either provide benefits outside the group annuity for employees near retirement age when the plan is inaugurated or had a different type of plan before adopting the group annuity and therefore do not need to provide for past service under the new plan. The most usual practice is to exclude approximately the same number of years of past service as is required for eligibility and/or to exclude service before the minimum age for eligibility. Otherwise, new employees would receive benefits on a smaller portion of their actual service than would older employees.

The most common exclusion, in 33 plans, is the first 5 years of past service without reference to the age when service was performed. The most popular combination of age and service exclusions is any service before age 35 and in any event the first 5 years of service; 21 plans specify this combination. When age alone is the basis for exclusion, service before age 35 is most usually omitted (22 plans). Without reference to combinations, age 30 is the most common limiting age (58 plans) and age 35 is a close second (57 plans).

No service is excluded from the calculation of past-service benefits in 76 plans. Eleven not only provide benefits based on all past service but also give annuities based on the past-service formula for the eligibility period for all employees coming under the plan in the future. Most plans, however, give past-service credit only for employees covered on the effective date of the plan. This seems to be one method under contributory plans of encouraging eligible employees to join immediately and of simplifying the process of getting the plan started.

Maximum Benefit Provisions

Many plans limit benefits either through a maximum annuity provision or through restricting the amount of salary on which contributions and benefits are based. A maximum annuity provision is found in 159 plans (table 5). The $6,000 annual maximum is by far the most common.

Table 5.—*Number of plans by amount of maximum annual benefit*

Maximum annual benefit	Number of plans
Total	159
$3,000	5
4,800	6
5,000	8
6,000	42
7,000	10
7,200	5
7,500	7
8,500	9
9,000	8
10,000	20
12,000	8
15,000	7
Other	24

In the 69 plans that restrict future-service benefits through limitation of the annual salary used in computing the benefit, 37 different maximums are found. The most prevalent is $10,000 (9 plans); $15,000 and $3,000 are each found in 7 plans (table 6).

Among the 19 plans that use both a maximum benefit and a maximum annual salary in determining benefits, no two use the same provisions. The ratio between the two amounts in general averages about 40 percent. As an example, one plan limits the salary used to the first $15,000 a year and restricts the benefit to a maximum of $6,000 a year.

Table 6.—*Number of plans by maximum annual credited salary* [1]

Maximum annual credited salary	Number of plans
Total	69
Less than $3,000	3
$3,000	7
More than $3,000 and less than $6,000	7
$6,000	5
More than $6,000 and less than $10,000	9
$10,000	9
More than $10,000 and less than $15,000	7
$15,000	7
More than $15,000 and less than $30,000	8
$30,000 or more	7

[1] Maximum amount used in computation of future-service benefits and of contributions (if any).

Contributions and Their Relationship to Future-Service Benefits

The most common contribution formula in the 217 contributory plans calls for an employee contribution of 2 percent on the first $3,000 of annual earnings and 4 percent on earnings above that amount (47 plans). The next most common, found in 16 plans, is 2½ percent and 5 percent, respectively (table 7). The highest employee contribution rate on amounts below $3,000 is 6 percent in one plan, but in this case the rate is only 4 percent on the first $600 of earnings.

The same employee contribution rate applies above and below $3,000 in 37 plans, or 17 percent of the 217 contributory plans. The contribution rate below $3,000 is half as much as that above $3,000 in 82 plans. In all, there are 68 different formulas for employee contributions among the plans studied. In contrast, the total number of benefit formulas is 188. This figure includes both definite-benefit and money-purchase plans, although under the latter the future-service benefit cannot be stated directly, being merely a function of the contribution rate.

Costs for all past-service benefits, if past service is included, are paid by the employer under all the plans studied. Under definite-benefit plans, the employer pays the balance of the future-service benefit costs under the contributory plans and, of course, the total cost under the noncontributory.

There appears to be no appreciable difference between employee contribution rates in money-purchase plans and those in definite-benefit plans, although three of the former call for the relatively high employee contribution rate of 5 percent on all earnings. The plan requiring 6 percent (4 percent on amounts below $600) is not a money-purchase contract. Under definite-benefit plans with a uniform contribution rate on the first $3,000 of earnings, the average employee contribution rate is 2.4 percent up to $3,000 and 4.0 percent on such earnings above $3,000 as are credited. The corresponding contribution rates average 2.7 percent and 4.0 percent, respectively, for the contributory money-purchase plans. The average employer contribution-rate requirement under the contributory money-purchase plans is 4.2 percent on the first $3,000 and 5.6 percent on earnings above that amount.

Averaging the contribution rates required under contributory money-purchase plans shows that the employees bear about 40 percent of the cost of future-service benefits based on the first $3,000 of earnings and 42 percent based on earnings above that amount. In some of the plans the employer pays an additional amount when necessary to provide a stated minimum benefit.

The ratio of employee contribution rates to future-service benefit rates is uniform for all credited earnings in 138 definite-benefit plans. The most prevalent relationship is 2 of employee contribution to 1 of annual benefit, meaning that in 2 years after retirement at normal retirement age the employee will have received in future-service benefits the full amount of his own contributions. Those entitled to past-service benefits will have received such amounts in addition. The tabulation below gives the distribution according to the relationship between employee contribution and future-service benefit per year of membership:

Ratio of employee contribution rate to benefit rate	Number of plans	Percentage distribution
Total	138	100
2 times	46	33
2⅔ times	33	24
3 times	22	16
3⅓ times	20	14
Other	17	13

Under these plans, on the average, in 2½ years after retirement the employee will receive (exclusive of past-service benefits) the full return of his contributions.

Employers pay the same proportion of the cost of benefits based on earnings above $3,000 as on earnings below in 197 plans (53 percent). Under 133 plans, the employer bears relatively more of the cost of benefits based on earnings over $3,000 than on those below. Under another 43 plans, the employer pays relatively more of the cost of benefits based on the first $3,000 of earnings than for the excess.

Cash Payments at Termination of Service or Death

At termination of service before normal retirement age, benefits may be of two types: cash withdrawal payments or deferred annuities available if the employee's contributions (if any) are also applied to such an annuity (see "Vesting" below). Since the primary purpose of the group annuity is to provide retirement benefits, most plans provide only for refund of employee contributions with or without interest upon death or termination of service before retirement. It should be borne in mind, too, that the old-age and survivors insurance program provides monthly benefits for survivors of these employees and that most of the companies included in this study also provide for group life insurance.

Noncontributory Plans

Only eight of the 159 noncontributory group annuities provide lump-sum *cash* termination benefits. The most usual payment is the employer's contributions with interest, which, if taken, would eliminate any annuity benefit; the cash option of three of the plans depends on a certain number of years of service. All but 10 of the noncontributory plans provide for vested benefits in the form of deferred or immediate annuities for employees meeting certain eligibility requirements—age, service, length of membership, or combinations thereof.

Table 7.—*Employee contribution rates*

Percent on first $3,000	Percent on excess over $3,000		Number of plans	Percentage distribution of 217 plans
	Varies from—	Most prevalent		
Total			217	100.0
None	1 to 5¼	5 (13 plans [1])	[2] 26	12.0
1	0 to 3½ [3]	1 (4 plans)	8	3.7
1½	1½ to 4½	3 (5 plans)	8	3.7
2	0 to 5 [3]	4 (47 plans)	69	31.8
2¼	0 to 5¼ [3]	4½ (5 plans)	9	4.1
2½	2½ to 5	5 (16 plans)	19	8.8
3	3 to 6	5 (7 plans)	26	12.0
4	4	4 (5 plans)	5	2.3
Above 4	0 to 6 [3]	5 (3 plans)	7	3.2
Other			40	18.4

[1] 3 plans provide for noncontributory benefits based on earnings below $3,000.

[2] 5 plans provide for noncontributory benefits based on earnings below $3,000.

[3] 1 plan provides for benefits based on first $3,000 of earnings only.

Provisions for death benefits are similar to the termination-of-service benefits, except that a larger number of plans provide a death benefit. In addition to the eight plans noted above, eight others provide for a cash payment of the employer's total contributions with interest if death occurs before retirement. If the employee dies after he has retired, there is generally no death benefit except when an optional form of annuity has been elected. Five of the plans have as the automatic retirement benefit a life annuity guaranteed for either 5 or 10 years; other types of annuity may be elected in lieu thereof.

Contributory Plans

Of the 217 contributory plans, 204 provide for a refund of the employee's contribution, with interest, on termination of service before retirement age. The interest rate specified in each of these 204 plans is 2 percent, although this rate may be changed at 5-year intervals but only for contributions made subsequent to the change. The remaining 13 plans refund the employee's contributions, but without interest. Eight of the plans provide for additional cash benefits with respect to some or all of the employer's contribution. In general, the employee who is entitled to a cash benefit may elect instead an annuity deferred to normal retirement age based on his own contributions and, if vesting requirements have been met, on the employer's contributions as well.

When the employee dies before retirement, death benefits are usually the same as those payable on termination of service. A few plans that do not give a cash termination benefit with respect to the employer's contributions do provide, when the employee dies before retirement, a cash death benefit equal to a portion, or all, of the employer's contributions in addition to a refund of the employee's contributions with interest. The death benefit after retirement depends on the form of the annuity. The normal retirement benefit is usually a modified cash-refund annuity, with provision for election of other types of equivalent actuarial value. The death benefit under the modified cash-refund annuity is the excess of the employee's contributions, usually with interest to retirement date, over the total annuity payments made before the employee's death. The few plans that pay a death benefit before retirement of all or part of the employer's accumulated contributions do not, under the normal annuity benefit, provide any death benefit after retirement with respect to the employer's contributions.

Except when an option is chosen, seven of the contributory plans do not provide death benefits after retirement; the normal annuity is similar to an individual life annuity without a guaranteed number of payments and, therefore, relatively larger than the modified cash-refund annuity. Under three other contributory plans the death benefit after retirement is a continuation of the annuity until the end of 10 years after the date of retirement if the individual dies during the 10-year period.

Vesting

"Vesting" is a term used to denote the right of the employee who terminates his employment before he is eligible for retirement to a part or all of the benefits already purchased by the employer's contributions made in his behalf. Usually in contributory plans this right is conditioned upon the withdrawing employee's leaving his own accumulated contributions with the insurance company to be applied to the purchase of a deferred annuity. After vesting requirements have been met, he is entitled to a paid-up annuity purchased by his own contributions and by part or all of the employer's contributions. Since there is usually no cash withdrawal privilege in noncontributory plans, the right to receive a benefit based on the employer's contributions is automatic upon fulfilling the specified conditions of vesting. For example, the vesting provision might say, "If, upon termination of employment, the employee has completed 10 or more years of participation in the plan, he will be entitled to receive at retirement age all the annuities purchased for him before leaving the company."

The various forms of vesting are designated here as (1) immediate full vesting, (2) deferred full vesting, and (3) deferred graded vesting. Immediate full vesting applies to plans in which all annuities purchased vest immediately in the participant. Deferred full vesting means that all annuities purchased for the participant vest when he has satisfied the conditions in the plan. Graded vesting provides that a stated percentage of the annuities purchased will vest in the employee when he has met certain conditions, and as additional conditions are met this percentage will be increased to the full amount. For example, the participant may become entitled to 25 percent of the annuities purchased by the company's contributions after 5 years' service and to 5 percent additional for each subsequent year of service, graduating to complete vesting after 20 years of service.

In all, 349 plans (93 percent) contain some form of vesting of employer's contributions. These plans, classified by the form of vesting provided, are as follows:

Form of vesting	Number of plans
Total	349
Deferred full vesting	236
Deferred graded vesting	82
Immediate full vesting	5
Alternative provisions not classified	26

The most usual requirement for vesting is years of service (table 8). Service alone is required in 88 plans. Another 128 require service combined with participation in the plan or age or both. The tabulation below shows the years of service required for the 216 plans. In the case of graded vesting plans, the requirement tabulated is the minimum period at which vesting begins.

Years of service	Deferred full vesting plans	Deferred graded vesting plans	Total plans
Total	172	44	216
5	15	15	30
10	61	22	83
15	58	2	60
20	30		30
Other	8	5	13

Participation alone (that is, contributions in contributory plans or membership in noncontributory plans) is a condition for vesting in 75 of the plans (20 percent); and participation,

either alone or in combination, is a requirement in 140 plans (37 percent). Five years of participation is the most usual provision in deferred full vesting. When graded vesting is provided, 5 years is also the most usual minimum requirement, with complete vesting in 20 years.

Age is the sole condition of vesting in only seven of the plans (2 percent), but 128 (34 percent) have an age requirement in combination with other conditions. When age and service are combined, the most typical requirement is age 40 with 10 years' service. The most common combination of participation and age is 5 years' participation and age 45.

Integration With Retirement Benefits Under Old-Age and Survivors Insurance

The benefits under all 376 plans supplement those under the Federal old-age and survivors insurance program. Many of the benefit formulas take into consideration that of the Federal program, which is weighted in favor of employees with low incomes. The Federal formula is based on the first $3,000 of annual earnings, and that portion of the benefits based on the first $600 is relatively four times as large as the portion determined on the next $2,400. In the early years of the Federal program, which was enacted in 1935, the formulas used in group annuities sometimes provided relatively large benefits from which Federal benefits were to be deducted to arrive at the net payment from the group annuity. Since under this type of group annuity there was usually no distinction made between earnings classes, the total benefit from both programs, expressed as a percentage of earnings, did not vary in relation to the level of earnings. The nonuniform benefit formulas currently used in many group annuity plans aim at a total benefit that varies less by earnings classes than does the benefit under old-age and survivors insurance.

Table 8.—*Distribution of plans by type of vesting requirement*

Requirement	Number of plans	Percentage distribution	Most usual provision [1]
Total	376	100	
Service only	88	24	10 years' service.
Participation only	75	20	5 years' participation.
Age only	7	2	Age 55
Age and service	83	22	Age 40 and 10 years' service.
Age and participation.	20	5	Age 45 and 5 years' participation.
Participation and service.	27	7	5 years' participation, 10 years' service.
Age, service, and participation.	18	5	Age 55, 20 years' service, 5 years' participation.
Alternative requirements.	26	7	Age 55 *or* 20 years' service.
Immediate full vesting.	5	1	All participants.
No vesting	27	7	

[1] Years of service include both years of participation and years of service performed before participation.

Employer contributions to private retirement plans that meet certain legal requirements can be deducted from taxable income. The Treasury Department determines whether the particular plan meets the requirements. In general, one of the major conditions is that a plan must not give relatively higher total benefits, including in the computation the retirement benefits under old-age and survivors insurance, to higher-paid than to lower-paid employees. The rules issued by the Department have naturally influenced somewhat the selection of integrating benefit formulas, though similar integrating formulas had been widely adopted before Treasury Department determination was required.

The analysis in table 9 is based on future-service benefit formulas except in the case of the money-purchase plans, for which the contribution formula is used. In these plans the employer's contribution bears a fixed relation to the employee's contribution. It may therefore be assumed that, if the employee contributions are coordinated with old-age and survivors insurance, benefits will be similarly coordinated. About 24 percent of the plans do not provide for direct coordination with old-age and survivors insurance in the future-service benefit formula, although it is probable that some, and perhaps most, would have provided larger benefits if it were not for the social insurance benefits.

The type of integration most frequently used provides relatively larger benefits on earnings in excess of $3,000. This type is found in 243 or

Table 9.—*Number of plans by methods of integrating future-service benefits with old-age and survivors insurance*

Classification	Number of plans
Total	376
Plans with nonuniform formula	283
Changes at $3,000 earnings only	196
Changes below and at $3,000 earnings	[1] 30
Changes below $3,000 earnings only	2
Omits first $3,000 earnings	[2] 32
Omits first $600 earnings, changes at $3,000	12
Omits first $600 earnings, does not change at $3,000	5
Omits first $1,200 earnings, changes at $3,000	3
Miscellaneous	3
No direct allowance for old-age and survivors insurance benefits	92
Benefits reduced by old-age and survivors insurance primary benefit	1

[1] 2 plans change at $600 earnings, 12 at $1,200, 12 at $1,800, 1 at $2,400, and 3 at irregular points.
[2] 1 plan starts at $1,800 for women.

64 percent of the plans. In addition, 32 plans omit from benefit calculations all earnings below $3,000, except for one plan that sets the lower limit at $1,800 for women. In 17 plans, the first $600 of earnings a year is omitted, in recognition of the greater weight given to that portion in the social insurance formula. Three other plans omit the first $1,200 of earnings. In 33 plans the benefit rate increases at some point below $3,000.

The benefit formulas for past service (not shown in the table) are more uniform. Only 71 plans (22 percent) give relatively larger benefits on amounts above $3,000. Another 30 plans omit earnings below $3,000, and 20 omit those below $600 a year. Only one formula changes to a higher benefit rate at a point below $3,000. The remaining 254 plans either have no direct coordination of past-service benefits with the old-age and survivors insurance benefit formula or do not give benefits for past service.

Another form of integration is achieved by offsetting the amount of the social insurance benefit against the annuities purchased under the plan. Only one of the 376 plans has such a provision, and that plan provides benefits based on the first $3,000 only. Six other plans include the social insurance primary benefits in setting the amount of maximum or minimum benefit.

One form of coordinating the payment of benefits other than that provided in the formula is called social

security adjustment option. This option is available in 161 plans (43 percent). It provides that, in case of retirement before age 65, benefits may be so adjusted that the employee will receive approximately a level retirement income (including the estimated primary benefit payable under old-age and survivors insurance after age 65) throughout the rest of his life. This adjustment does not increase the cost of benefits, since the normal and the adjusted annuities are of equal actuarial value. Normally, all payments of annuities under the plan would be in equal amounts, but with the social security adjustment option they will be larger than the normal amount before age 65 and smaller after age 65. Three plans provide a temporary supplemental annuity approximately equal to old-age and survivors insurance benefits for women from age 60, their normal retirement age under the plan, to age 65.

Outstanding Trends

This study is the most detailed analysis of group annuities prepared in the Office of the Actuary, but short summaries of trends in group annuities have been made from time to time. These summaries for the years 1939–42 have been consolidated for comparison with the present study (table 10).

Table 10.—*Percent of plans of specified type and with specified provisions, 1939–42 studies and present study*

Type of plan and provision	Percent of plans	
	1939–42 studies	Present study
Noncontributory plan	5	42
Money-purchase plan	33	11
Covering only those earning $3,000 or more per year	13	8
Eligibility requirement of more than 1 year of service	18	62
Eligibility requirement of age 30 or above	36	27
Eligibility requirement of age 35 or above	13	8
Normal retirement age of 65 for men	98	97
Sex differential in normal retirement age	13	15
Provision for maximum benefit [1]	38	44
Provision for vesting	92	93
No integration of future-service benefits with old-age and survivors insurance (other than adjusted option only)	5	24

[1] Either through limitation of total annuity or of earnings used in benefit computation.

For employee contributions, the most popular formula in the previous studies was the same as in this study—2 percent on the first $3,000 of earnings and 4 percent on those above $3,000. For the plans as a whole there was, in the earlier period, a relatively greater differential between the contribution rate on the first $3,000 and the rate on the excess.

The future-service benefit as related to employees' contributions under definite-benefit contributory plans indicates more liberality in the plans of the present study. In the plans that are sufficiently uniform for purposes of comparison, the employee contribution will, on the average, have been returned in full in slightly over 2.5 years after retirement; the corresponding figure for an earlier period was 2.8 years. Under the contributory money-purchase plans of the present study the averaged ratio of employer contribution for future service to employee contribution is higher than that shown in previous studies. A higher rate from employer than employee is called for in 62 percent of money-purchase plans, as compared with 16 percent in the earlier period.

Formerly, more plans provided that benefits would be limited or reduced on account of social security payments. Of 190 plans underwritten in the period July 1940–June 1941, 5 percent (nine plans) had an offsetting provision of some kind, whereas in the present study less than 2 percent (seven plans) have such a feature, and only one plan calls for a full offset. The social security adjustment option, which in case of retirement before age 65 has the effect of providing approximately level benefits (including the primary social security benefit), is mentioned in 43 percent of the booklets. Before 1942, few plans provided this option.

(Continued from page 3)

will serve as consultants on the social welfare of United States citizens abroad and of alien dependents of citizens.

Program of National Assistance in Great Britain

Great Britain completed a sweeping revision of its social security system early in March, when it passed the National Assistance Act. The act, which received the Royal Assent on May 13, formally declares the death of the centuries-old poor law and creates in its place entirely new services "founded on modern conceptions of social welfare."

The new legislation provides for comprehensive services falling into two main groups:

1. National assistance, which through a unified national service will provide financial assistance to persons in need whose needs are not otherwise met by national insurance or from any other source. The Central Government is to meet the cost of the program, and the National Assistance Board will make the assistance payments that have previously been made through two agencies—the Assistance Board, which has paid allowances to old-age pensioners, widows with dependent children, and insurable unemployed persons who are not qualified for unemployment benefits or who receive such benefits but find them insufficient for their needs; and the public assistance committees of local authorities, which have been responsible for all other groups.

2. Residential accommodation for the aged, the infirm, and others who require care and attention of this kind, with special welfare services for certain handicapped persons. The local governments will administer the program, and costs are to be met by local funds, though the Exchequer may provide some help.

Employment Security

Unemployment Claims and Benefits

State Programs

Claims operations in State unemployment insurance systems reflected a combination of administrative and economic factors during April. The beginning of new benefit years in nine States—Colorado, Connecticut,[1] Illinois, Maine, Maryland, Massachusetts, New Hampshire, Rhode Island, and Vermont—was the chief administrative factor and accounted for the bulk of the increase in initial claims—from 885,300 in March to 1,070,900 in April. Many of the initial claims received in these nine States, however, were transitional claims filed by persons already in compensable status and do not represent new unemployment. A major economic factor in the increased initial claims load was new unemployment resulting from the secondary effects of the coal strike, particularly in Michigan, New York, Ohio, and Pennsylvania.

Continued claims dropped to 4,635,600 from 4,862,600 in March. This was the first decline since November, when they reached the 1947 low of 2,847,800. The decline would have been greater had it not been for the claims postponed from the Good Friday holiday to the following week, which ended in April. Ten States reported increases in continued claims. All but three of them—Hawaii, New York, and North Carolina—began new benefit years in the month.

Women claimants accounted for 43 percent of the initial and 42 percent of the compensable claims filed in the Nation during April. The relative numbers increased during both March and April from the 2-year lows of 34 and 37 percent reported in February. Most of this unemployment was seasonal, since the textile, apparel, tobacco, retail trade, and shoe industries, which employ relatively large numbers of women, usually have a slump around March and April.

The nine States that began new benefit years in April reported an aggregate increase of 175,100 in the number of initial claims filed, as compared with March totals. The rise for the rest of the country was 10,500. Among the nine States, Illinois reported the largest increase (82,200) and Massachusetts the next highest (35,200). Initial claims rose by 23,800 in Connecticut. The claims load in Illinois was augmented by the effects of the strikes by the miners, the compositors, and workers in the meat-packing industry, and a retrenchment in the electrical appliances, radio, and candy industries. Massachusetts attributed part of its increase to scattered lay-offs, particularly in the shoe industry. Connecticut reported lay-offs in the machinery and garment industries.

Other States that did not begin new benefit years in April but that had large increases in initial claims were Michigan, with a rise of 15,800, and New York, with an increase of 13,100. The new claims in Michigan resulted mostly from temporary curtailment of work in the automotive industry, as the coal strike cut down production of both coal and steel. Shortages of

[1] Beginning April 1948, Connecticut no longer has a uniform benefit year. The change to individual benefit year, however, does not affect April claims figures.

Number of claimants for unemployment benefits, August 1945–April 24, 1948

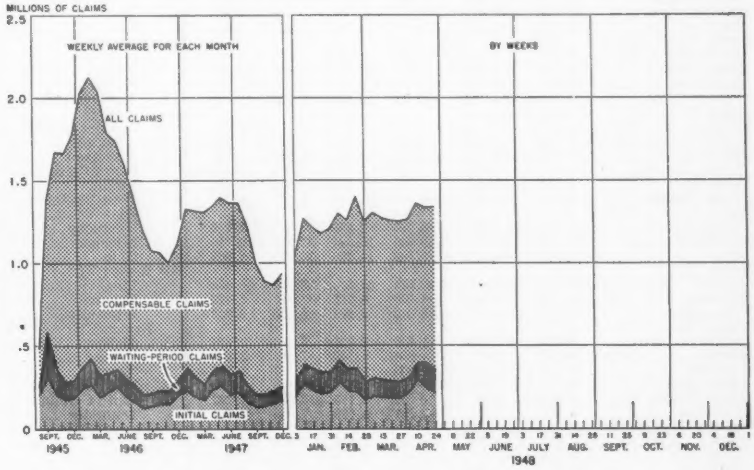


Table 1.—*Summary of unemployment insurance operations, April 1948*

Item	Number or amount	Percentage change from—		Number or amount	
		March 1948	April 1947	January–April 1948	January–April 1947
Initial claims	1,070,936	+21.0	+5.0	3,821,867	3,500,924
New	704,396	+43.4	−1.5	2,355,388	2,354,833
Additional	366,540	−7.0	+20.3	1,466,479	1,146,091
Continued claims	4,635,601	−4.7	−4.1	17,781,277	18,985,862
Waiting-period [1]	541,779	+15.7	+1.7	2,056,989	2,025,698
Compensable	4,093,822	−6.8	−4.8	15,724,288	16,960,164
Weeks compensated	4,030,079	−5.0	−1.7	15,008,539	16,090,893
Total unemployment	3,825,682	−5.1	−2.1	14,202,097	15,337,293
Other than total unemployment [2]	204,397	−2.9	+7.8	806,442	753,600
First payments	[3] 407,000	+14.2	+6.2	1,432,372	1,487,806
Exhaustions	[3] 108,000	(4)	−11.6	421,552	478,040
Weekly average beneficiaries	903,915	−2.2	−2.8	882,855	946,523
Benefits paid [5]	$73,576,409	−3.9	+2.8	$270,088,758	$283,783,144
Benefits paid since first payable [6]	$4,759,540,983				
Funds available as of April 30, 1948 [7]	$7,379,219,840	+.5	+6.3		

[1] Excludes Maryland, which has no provision for filing waiting-period claims.
[2] Excludes Montana, which has no provision for payment of other than total unemployment.
[3] Includes estimate for Rhode Island.
[4] Decrease of less than 0.05 percent.
[5] Gross: not adjusted for voided benefit checks.
[6] Net: adjusted for voided benefit checks; includes Rhode Island as of Mar. 31, 1948.
[7] Includes Rhode Island as of Mar. 31, 1948.

coal and steel, as well as lay-offs in the New York City needle trades, caused the increase in New York. The rise of 4,800 in Pennsylvania was attributed to lay-offs in the anthracite coal, glass, steel, brick, automobile, textile, shoe, and food industries, resulting for the most part from factors other than the coal strike. Ohio and Alabama, both steel-producing and steel-consuming States, reported increases of 4,500 and 1,000, respectively. New Jersey was the only other State in this group that reported an increase of as much as 1,000 in initial claims.

Table 2.—*Initial claims received in local offices, by State, April 1948*

[Data reported by State agencies; corrected to May 14, 1948]

Region and State	Total				New	
	All claimants	Amount of change from— March 1948	Amount of change from— April 1947	Women claimants	All claimants	Women claimants
Total	1,070,936	+185,620	+50,908	457,776	704,396	302,895
Region I:						
Connecticut	32,953	+23,772	+10,339	15,477	31,897	14,871
Maine	17,255	+9,198	+2,880	8,199	16,175	7,547
Massachusetts	72,389	+35,151	+1,131	36,067	69,298	34,340
New Hampshire	5,741	+336	−693	3,217	5,125	2,917
Rhode Island	22,101	+10,971	+3,113	10,161	21,464	9,832
Vermont	3,580	+2,434	+475	1,561	3,537	1,541
Region II-III:						
Delaware	1,137	+88	−146	544	965	474
New Jersey	43,577	+1,013	−279	22,546	28,201	15,005
New York	232,689	+13,051	+8,768	109,625	63,491	26,748
Pennsylvania	66,303	+4,780	−8,150	25,137	43,320	16,658
Region IV:						
District of Columbia	1,798	+147	+206	970	1,748	947
Maryland	18,028	+9,300	+3,202	1,049	16,289	525
North Carolina	10,791	−550	−513	7,100	7,913	5,302
Virginia	5,027	−1,030	+160	2,216	4,010	1,646
West Virginia	6,575	+827	−9,489	1,742	5,777	1,535
Region V:						
Kentucky	7,592	+872	−8,035	2,830	6,102	2,142
Michigan	68,836	+15,813	+30,641	16,344	42,299	9,746
Ohio	26,924	+4,518	+8,542	11,760	20,727	8,969
Region VI:						
Illinois	131,434	+82,217	+12,671	64,576	123,305	61,563
Indiana	19,676	−959	+4,058	8,755	11,381	5,422
Wisconsin	8,795	−825	+3,512	4,894	[1] 5,586	[1] 2,813
Region VII:						
Alabama	8,953	+1,020	−1,849	2,731	7,480	2,258
Florida	10,350	+893	−836	4,142	7,881	3,127
Georgia	9,231	+989	−908	5,741	7,117	4,565
Mississippi	3,194	−468	−108	1,171	2,445	970
South Carolina	4,906	−521	+602	2,195	3,630	1,702
Tennessee	9,471	−113	−3,201	4,525	7,696	3,589
Region VIII:						
Iowa	2,784	−754	−379	1,251	2,276	1,060
Minnesota	5,524	−1,124	−14	2,379	4,527	1,993
Nebraska	1,061	−720	−173	539	813	458
North Dakota	217	−241	−123	75	162	57
South Dakota	216	−126	+28	101	191	92
Region IX:						
Arkansas	4,460	−1,955	−333	1,368	3,525	1,184
Kansas	3,022	−1,525	−909	1,227	2,370	1,022
Missouri	19,118	−772	−5,236	8,799	13,403	6,399
Oklahoma	4,411	−973	−1,767	1,532	3,597	1,303
Region X:						
Louisiana	7,823	−871	−1,086	2,206	6,178	1,868
New Mexico	805	−270	−81	229	597	176
Texas	8,963	−2,771	−3,928	3,752	[2] 7,708	[2] 3,227
Region XI:						
Colorado	4,271	+1,763	+359	1,684	4,121	1,619
Idaho	852	−695	−496	360	599	246
Montana	1,387	−236	+213	444	1,000	369
Utah	2,117	−110	+262	640	1,464	435
Wyoming	426	−50	+17	182	310	153
Region XII:						
Arizona	2,879	−319	−160	925	2,230	775
California	122,483	−14,898	+2,690	47,780	69,684	29,649
Nevada	992	−185	−151	373	737	306
Oregon	8,558	−1,019	+896	2,399	4,263	1,314
Washington	17,329	+204	+3,871	3,707	8,410	2,016
Regions XIII and XIV:						
Alaska	796	+252	+579	224	471	139
Hawaii	1,133	+91	+736	325	901	281

[1] Since Wisconsin has no provision for a benefit year, a new claim is a claim requiring a determination of benefit amount and duration, as well as eligibility for benefits, on a per employer basis.
[2] Data estimated by State agency.

Table 3.—*Continued claims*[1] *received in local offices, by State, April 1948*

[Data reported by State agencies; corrected to May 14, 1948]

Region and State	Total [2]				Compensable	
	All claimants	Amount of change from— March 1948	Amount of change from— April 1947	Women claimants	All claimants	Women claimants
Total	4,635,601	−227,025	−197,623	1,975,014	4,093,822	1,726,237
Region I:						
Connecticut	44,422	+8,078	−7,674	21,838	33,977	16,082
Maine	49,181	+12,192	+3,046	22,405	34,046	15,239
Massachusetts	255,180	+18,804	−42,590	117,974	195,568	87,677
New Hampshire	27,120	+1,978	+5,775	13,591	22,534	10,915
Rhode Island	59,473	+15,058	+13,275	25,541	50,042	20,904
Vermont	9,534	−210	+1,465	4,054	8,160	3,382
Region II-III:						
Delaware	6,000	−2,815	−2,552	2,119	5,514	1,962
New Jersey	257,596	−34,598	−37,660	118,454	239,964	109,272
New York	858,378	+7,636	−57,262	385,430	726,289	324,737
Pennsylvania	312,297	−28,495	−84,653	112,942	280,600	100,478
Region IV:						
District of Columbia	18,624	−3,501	−488	8,044	17,658	7,482
Maryland	64,735	+6,517	+10,142	25,914	64,735	25,914
North Carolina	70,385	+6,216	+7,255	49,221	62,592	43,779
Virginia	33,170	−8,833	+687	14,591	30,323	13,584
West Virginia	42,750	−3,158	−12,044	9,308	40,927	8,912
Region V:						
Kentucky	45,653	−6,287	−952	17,095	42,695	15,893
Michigan	217,057	−27,558	+56,695	66,667	199,869	61,672
Ohio	158,740	−6,724	+27,637	68,587	121,529	52,498
Region VI:						
Illinois	350,473	+56,412	+38,719	178,413	313,250	158,763
Indiana	73,344	−7,809	+24,346	32,469	64,085	28,210
Wisconsin	34,165	−9,939	+7,921	16,240	29,414	13,918
Region VII:						
Alabama	51,675	−5,564	−513	16,849	46,503	15,300
Florida	50,499	−3,978	−10,782	18,779	46,212	17,151
Georgia	46,920	−1,557	−6,968	27,726	36,869	21,054
Mississippi	22,077	−8,145	+1,211	7,164	19,166	5,917
South Carolina	15,441	−3,328	−899	6,227	13,422	5,405
Tennessee	82,188	−14,580	−17,194	34,449	77,227	32,054
Region VIII:						
Iowa	22,192	−8,649	−2,092	10,619	20,635	9,877
Minnesota	32,519	−587	+5,525	9,598	28,409	8,134
Nebraska	7,002	−4,669	−2,117	2,863	5,934	2,304
North Dakota	3,329	−2,378	−424	911	3,233	901
South Dakota	2,263	−2,490	−441	989	2,157	938
Region IX:						
Arkansas	34,662	−17,088	−15	8,358	32,783	7,683
Kansas	23,664	−11,389	−7,165	9,454	22,449	8,928
Missouri	115,763	−9,887	−31,790	46,309	105,134	41,059
Oklahoma	23,817	−6,895	−10,309	7,856	21,544	6,970
Region X:						
Louisiana	38,354	−9,175	−4,689	11,031	34,028	9,648
New Mexico	6,152	−2,027	+781	1,563	5,866	1,478
Texas	36,133	−7,749	−14,474	15,102	30,167	12,348
Region XI:						
Colorado	12,105	−3,453	+2,011	5,138	8,851	3,570
Idaho	11,835	−6,043	−884	4,090	11,247	3,806
Montana	14,423	−4,338	+2,113	4,641	12,820	4,110
Utah	13,739	−4,399	+2,186	4,925	12,540	4,574
Wyoming	2,741	−1,393	+26	1,147	2,390	989
Region XII:						
Arizona	13,197	−2,508	−1,060	4,892	12,266	4,589
California	781,426	−25,711	−31,653	340,745	724,043	316,295
Nevada	6,999	−1,742	+788	2,922	6,693	2,803
Oregon	51,826	−15,828	−9,128	17,033	48,807	16,155
Washington	112,274	−35,434	−18,460	37,580	107,652	36,243
Regions XIII and XIV:						
Alaska	4,937	−66	+3,231	1,667	4,586	1,555
Hawaii	7,172	+1,061	+4,474	3,490	6,418	3,186

[1] In some States 1 claim covers more than 1 week.
[2] Includes waiting-period claims except in Maryland, which has no provision for filing such claims.

The increase of nearly 1,000 in Georgia was attributed to lay-offs in the tufted-textiles industry, to shutdowns of lumber camps because of bad weather, to mass lay-offs in the hosiery mills due to lack of orders, and to seasonal canning workers' filing for their new benefit year.

The continued claims load declined in 41 States primarily because better weather sent construction, lumbering, logging, and agricultural operations into full swing. In some instances, however, work was hampered by a shortage of materials caused by the

Table 4.—*Number of individuals[1] compensated during weeks ended in April 1948 and number of weeks compensated and amount of benefits paid in April 1948, by State*

[Data reported by State agencies; corrected to May 14, 1948]

Region and State	All types of unemployment								Total unemployment		
	Individuals compensated during weeks ended—				Weeks compensated			Benefits paid [2]	Weeks compensated	Benefits paid [2]	Average weekly payment
	April 3	April 10	April 17	April 24	Number	Amount of change from— March 1948	Amount of change from— April 1947				
Total	947,251	923,239	849,944	895,225	4,030,079	−212,334	−67,964	$73,576,409	3,825,682	$70,691,397	$18.48
Region I:											
Connecticut	11,119	13,656	9,380	5,802	44,591	−16,100	+3,538	882,406	42,435	856,328	20.18
Maine	7,559	7,867	1,049	7,453	33,328	+1,768	+4,640	484,569	29,834	430,445	14.43
Massachusetts	42,358	37,770	39,322	43,943	193,115	−12	−4,361	4,044,075	173,343	3,850,103	22.21
New Hampshire	4,543	2,593	4,362	4,681	18,372	−1,829	+6,666	273,710	17,038	261,691	15.36
Rhode Island	8,600	8,197	2,053	22,178	50,668	+10,254	+19,979	1,045,533	49,388	1,031,845	20.89
Vermont	1,804	1,812	890	1,335	7,301	−1,116	+2,349	122,931	7,007	119,932	17.12
Region II–III:											
Delaware	1,714	1,313	1,238	1,244	5,470	−3,027	−1,720	82,313	5,135	79,080	15.40
New Jersey	53,192	69,795	52,858	57,119	260,201	−5,617	−8,425	5,001,391	247,941	4,868,487	19.64
New York	187,239	168,494	167,981	169,262	745,661	−3,798	−50,308	14,358,674	[3] 708,378	[3] 13,640,740	[3] 19.26
Pennsylvania	71,325	66,517	59,285	58,596	263,823	−41,911	−96,687	4,513,229	257,619	4,452,238	17.28
Region IV:											
District of Columbia	5,764	3,845	5,371	3,461	19,573	−2,412	+2,517	333,230	19,365	329,200	17.00
Maryland	11,776	11,985	13,134	14,647	57,724	+3,025	+2,017	1,027,200	51,998	964,388	18.55
North Carolina	10,070	14,440	13,871	12,441	57,479	+7,541	+5,698	595,467	54,514	574,698	10.54
Virginia	6,499	6,842	5,612	7,509	28,649	−9,473	+1,479	356,549	27,224	344,807	12.67
West Virginia	6,980	6,753	6,114	7,822	30,843	−18,309	−12,300	477,942	21,887	339,470	15.51
Region V:											
Kentucky	8,384	9,121	6,829	6,696	36,143	−2,845	+4,714	398,855	35,412	393,779	11.12
Michigan	46,989	55,525	49,721	44,007	206,373	+2,628	+64,820	4,175,238	202,141	4,130,903	20.44
Ohio	26,353	25,539	25,221	24,687	113,251	−14,817	+5,686	1,972,980	109,040	1,930,012	17.70
Region VI:											
Illinois	58,031	43,167	40,134	48,205	212,520	−14,540	+8,918	3,854,160	200,581	3,726,914	18.58
Indiana	9,828	14,365	14,214	12,569	58,618	−11,291	+21,361	990,428	55,387	960,427	17.34
Wisconsin	7,565	6,798	6,468	5,894	27,155	−7,091	+8,115	475,829	24,227	438,924	18.12
Region VII:											
Alabama	9,541	9,891	8,528	10,525	41,160	−8,335	−1,180	607,862	39,658	592,676	14.94
Florida	6,837	7,587	7,294	8,242	32,582	+1,334	−5,530	449,672	31,511	439,730	13.95
Georgia	7,344	7,655	7,374	7,922	33,419	−554	−8,484	443,103	31,811	428,649	13.47
Mississippi	4,454	3,998	3,711	3,642	15,662	−7,206	+2,070	199,844	14,881	190,718	12.82
South Carolina	4,659	4,658	4,452	4,050	20,005	−1,571	+3,164	288,187	19,273	282,084	14.64
Tennessee	19,749	18,534	15,765	17,148	76,999	−6,287	−9,059	1,028,636	74,307	1,004,559	13.52
Region VIII:											
Iowa	5,417	4,508	4,258	4,052	18,337	−7,816	+904	284,972	16,940	270,445	15.96
Minnesota	13,955	11,479	13,560	11,351	53,904	+28	+11,685	805,992	50,815	759,809	14.95
Nebraska	2,385	2,120	1,755	1,629	7,768	−4,252	−2,149	115,128	7,132	108,229	15.18
North Dakota	1,124	1,144	995	712	3,614	−1,418	+744	63,555	3,271	58,966	18.03
South Dakota	942	756	451	335	2,310	−2,233	+727	36,279	2,177	34,510	15.85
Region IX:											
Arkansas	8,016	6,351	5,653	6,914	28,547	−15,576	+4,621	437,779	26,812	422,074	15.74
Kansas	5,702	5,201	4,800	4,635	21,434	−8,832	−6,049	319,803	20,155	306,600	15.21
Missouri	20,519	24,856	18,077	20,981	98,434	+12,032	−13,753	1,562,840	94,200	1,530,964	16.25
Oklahoma	8,428	7,941	7,286	6,263	32,223	−5,529	−4,319	519,103	30,781	504,157	16.38
Region X:											
Louisiana	12,643	10,758	10,492	11,450	49,605	−1,591	+3,931	695,461	46,926	671,466	14.31
New Mexico	1,373	1,325	1,320	1,118	5,653	−288	+2,458	91,602	5,467	89,553	16.38
Texas	10,650	10,104	8,522	7,832	40,492	−5,324	−17,210	538,789	37,598	514,282	13.68
Region XI:											
Colorado	2,077	1,755	976	1,209	6,215	−4,083	+1,846	90,144	6,093	88,743	14.56
Idaho	2,777	3,178	2,510	2,678	11,349	−4,027	+3,216	206,769	11,039	202,828	18.37
Montana	3,367	3,162	3,069	2,550	12,448	−4,212	+3,068	200,233	12,448	200,233	16.09
Utah	2,622	2,929	2,823	2,562	12,162	−3,260	+1,928	271,394	11,243	257,000	22.86
Wyoming	840	627	452	623	2,645	−1,404	+164	48,320	2,530	46,961	18.56
Region XII:											
Arizona	2,031	1,704	1,537	1,781	7,297	−870	+611	132,775	6,994	128,836	18.42
California	158,977	155,826	150,853	158,559	755,362	+40,322	−1,755	15,616,579	721,358	14,886,518	20.64
Nevada	1,891	1,686	1,289	1,591	6,653	−1,291	+1,878	131,947	6,408	128,476	20.05
Oregon	11,666	10,762	10,052	9,311	43,605	−15,137	−9,697	731,936	41,640	711,171	17.08
Washington	26,894	25,570	23,965	22,913	105,180	−27,860	−29,593	1,909,984	100,675	1,848,039	18.36
Regions XIII and XIV:											
Alaska	1,576	1,764	1,517	1,331	7,410	−373	+4,486	171,769	7,127	167,547	23.51
Hawaii	1,103	1,016	1,501	1,765	6,747	+2,251	+4,617	109,243	4,518	91,163	20.18

1 The number of individuals is assumed to be identical with the number of weeks compensated, which may result in a slight overstatement of the number of individuals.

2 Gross: not adjusted for voided benefit checks and transfers under interstate combined-wage plan.

3 Data estimated by State agency.

coal strike and the resulting curtailment of railroad schedules. Nine States—Arkansas, California, Kansas, Michigan, New Jersey, Oregon, Pennsylvania, Tennessee, and Washington—reported declines of more than 10,000. The largest were in Washington (35,400) and New Jersey (34,600).

Of the 10 States reporting increases in continued claims, seven began new benefit years. Part of the increases in these seven States was caused by claims from beneficiaries who had exhausted their benefit rights in the preceding benefit year and were still unemployed. Among the seven, Illinois reported the largest increase—56,400—in which material shortages caused by labor disputes were a contributing factor. Other increases of more than 10,000 were reported by Massachusetts (18,800), Rhode Island (15,100), and Maine (12,200).

The other three States with a heavier claims load were Hawaii, New York, and North Carolina. In Hawaii, seasonal unemployment in the pineapple industry and a general slump in most industries, particularly in the construction, wholesale trade, and service industries, accounted for the increase in continued claims. A shortage of steel and continuing unemployment in the needle trades were responsible for New York's increase,

Table 5.—*Ratio of State insured unemployment [1] in week ended April 10, 1948, to average covered employment in 1946*

Region and State	Insured unemployment [1]	Average covered employment [2] (in thousands)	Ratio (percent) of insured unemployment to covered employment
Total	1,090,590	30,109.5	3.6
Region I:			
Connecticut	15,722	593.3	2.6
Maine	12,132	167.2	7.3
Massachusetts	61,718	1,413.8	4.4
New Hampshire	6,617	126.0	5.3
Rhode Island	1,074	231.0	.5
Vermont	2,324	61.4	3.8
Region II–III:			
Delaware	1,473	83.3	1.8
New Jersey	57,494	1,221.7	4.7
New York	198,463	4,087.4	4.9
Pennsylvania	75,558	2,826.6	2.7
Region IV:			
District of Columbia	4,231	210.0	2.0
Maryland	14,598	521.2	2.8
North Carolina	16,769	584.9	2.9
Virginia	7,346	451.1	1.6
West Virginia	9,357	346.9	2.7
Region V:			
Kentucky	10,177	333.4	3.1
Michigan	50,340	1,430.5	3.5
Ohio	36,287	2,017.4	1.8
Region VI:			
Illinois	77,057	2,232.4	3.5
Indiana	17,456	803.5	2.2
Wisconsin	8,009	667.8	1.2
Region VII:			
Alabama	11,722	380.0	3.1
Florida	11,435	354.8	3.2
Georgia	10,644	486.1	2.2
Mississippi	5,270	168.5	3.1
South Carolina	5,476	279.5	2.0
Tennessee	22,205	461.8	4.8
Region VIII:			
Iowa	5,378	310.1	1.7
Minnesota	14,966	503.2	3.0
Nebraska	2,076	144.1	1.4
North Dakota	883	34.9	2.5
South Dakota	612	43.0	1.4
Region IX:			
Arkansas	8,451	197.0	4.3
Kansas	5,322	208.7	2.6
Missouri	26,629	722.1	3.7
Oklahoma	9,897	237.6	4.2
Region X:			
Louisiana	13,072	379.5	3.4
New Mexico	1,508	72.2	2.1
Texas	14,126	1,016.1	1.4
Region XI:			
Colorado	2,504	175.2	1.4
Idaho	3,064	76.7	4.0
Montana	3,534	83.2	4.2
Utah	3,342	106.3	3.1
Wyoming	646	46.2	1.4
Region XII:			
Arizona	3,016	88.3	3.4
California	180,861	2,322.8	7.8
Nevada	1,662	36.9	4.5
Oregon	12,162	284.0	4.3
Washington	25,925	479.9	5.4

[1] Represents number of continued claims for unemployment in the week in which the 8th of the month falls.

[2] Average number of workers in covered employment in the pay period of each type (weekly, semimonthly, etc.) ending nearest the 15th of each month in 1946; corrected to Jan. 15, 1948.

Table 6.—*Claims and payments for veterans' unemployment allowances, April 1948*

State	Initial claims	Continued claims	Weeks compensated	Payments
Total	298,532	2,322,644	2,337,319	$46,940,449
Alabama	5,280	47,759	46,886	933,466
Alaska	330	3,040	2,940	58,561
Arizona	2,276	12,683	13,959	277,373
Arkansas	2,617	33,777	33,550	668,262
California	32,842	234,197	244,558	4,872,803
Colorado	2,124	18,030	18,343	364,205
Connecticut	3,494	26,579	25,036	497,489
Delaware	421	3,887	3,902	77,089
District of Columbia	537	14,485	15,926	319,341
Florida	7,927	60,022	59,016	1,175,987
Georgia	4,548	43,027	41,734	831,396
Hawaii	674	4,984	4,666	92,910
Idaho	664	10,252	11,962	236,432
Illinois	16,034	95,246	85,779	1,696,488
Indiana	8,281	38,873	41,394	817,131
Iowa	1,754	15,201	14,094	278,229
Kansas	1,820	19,934	19,849	392,406
Kentucky	3,992	42,623	39,994	796,455
Louisiana	3,928	45,167	48,045	945,101
Maine	2,714	29,111	30,243	599,708
Maryland	2,530	24,766	24,380	483,300
Massachusetts	9,726	86,627	93,360	1,854,783
Michigan	17,677	93,627	103,953	2,062,954
Minnesota	4,015	60,029	62,322	1,234,743
Mississippi	2,286	18,856	18,367	364,820
Missouri	5,590	64,039	68,208	1,351,606
Montana	1,235	10,289	10,260	204,407
Nebraska	756	5,975	6,843	134,432
Nevada	437	2,372	2,263	44,818
New Hampshire	1,703	12,401	13,506	267,471
New Jersey	8,230	87,671	91,966	1,833,289
New Mexico	1,224	12,853	14,178	281,824
New York	53,584	272,212	268,300	5,813,910
North Carolina	5,110	41,894	39,843	793,093
North Dakota	274	6,137	7,911	155,518
Ohio	12,110	79,093	75,362	1,489,017
Oklahoma	2,585	36,354	36,990	733,983
Oregon	4,494	31,183	30,976	613,950
Pennsylvania	26,844	209,685	201,720	4,024,810
Puerto Rico	896	12,871	13,796	275,628
Rhode Island	1,148	16,698	17,478	348,353
South Carolina	2,643	27,364	27,087	539,209
South Dakota	305	6,162	7,122	141,892
Tennessee	3,632	52,633	53,486	1,066,320
Texas	6,389	89,510	86,835	1,726,515
Utah	1,647	10,883	11,513	227,657
Vermont	726	7,968	7,820	155,074
Virginia	3,800	32,504	34,067	674,070
Washington	6,988	41,212	41,359	816,951
West Virginia	3,730	44,864	39,747	813,041
Wisconsin	3,731	22,683	21,906	432,365
Wyoming	230	2,352	2,519	49,814

[1] Represents activities under provisions of title V of the Servicemen's Readjustment Act of 1944; excludes data for self-employed veterans.

Source: Data reported to the Readjustment Allowance Service, Veterans Administration, by unemployment insurance agencies in 48 States, the District of Columbia, Alaska, and Hawaii, and by the Veterans Administration for Puerto Rico.

while in North Carolina the rise was attributed to lay-offs in furniture, tobacco, hosiery, and textile firms. More than half the continued claims in North Carolina were taken in local offices in the tobacco areas.

Unemployment during the week ended April 10, as represented by the ratio of continued claims to covered employment, was 3.6 percent, the same proportion as in March. Eight States — Arkansas, Idaho, Kansas, Mississippi, North Dakota, Rhode Island, South Dakota, and Washington—showed declines of at least a full percentage point. Rhode Island's ratio dropped from 4.1 to 0.5 percent, largely because of administrative factors. In all States west of the Mississippi except California, the ratios remained the same as in March or declined. The five States in Region XII continued to show relatively high ratios; only Arizona had a ratio below the national average. California's 7.8 percent was the highest in the Nation. Washington's 5.4 percent was the third highest. Maine's 7.3 percent was the result of administrative factors. At the other extreme, 11 States had ratios below 2 percent. These 11 included some of the more industrialized States, such as Delaware, Ohio, Texas, and Wisconsin.

Both the amount of benefits paid to unemployed covered workers and the average weekly number of beneficiaries dropped during April for the first time since November 1947. Benefit expenditures decreased from $76.6 million in March to $73.6 million in April, with all but 10 States reporting declines. California and Michigan were the only large industrial States to show increases. The average check for total unemployment during the month was $18.48, as compared with $18.29 in March. From March to April the average weekly number of beneficiaries dropped from 924,300 to 903,900. Most of the nine States that began new benefit years in April reported substantial fluctuations during the month in the number of beneficiaries because of the shift from the old to the new benefit years.

Veterans' Unemployment Allowances

In April the number of unemployed male veterans of World War II was less than the number in March and substantially less than the number a year earlier, according to the Bureau of the Census. Claims and payments under the veterans' unemployment allowance program were also appreciably less than in the preceding month, reflecting in part the resumption of outdoor activities.

Initial claims filed by veterans were 16 percent less than in March and 17.6 percent less than in April 1947. Forty-seven States registered declines in initial claims; in 36 States the percentage decrease was greater than the national average. Continued claims dropped to 2.3 million—20.7 percent less than in March and 40.6 percent below the April 1947 total. All States but Hawaii shared in the decline.

April payments of $46.9 million compensated for 2.3 million weeks of unemployment. The amount paid and the number of weeks compensated represented declines of 16 and 18 percent from the March figures.

Nonfarm Placements

Total nonfarm placements in April were 10.9 percent higher than in March, primarily as a result of increases in placements in the construction, trade, transportation, and service industries. All but five States made more placements; 32 States reported increases of more than 10 percent.

Placements of women in April represented a somewhat smaller proportion of all nonfarm placements than in any of the past 4 months. The number for the country as a whole remained at the March level, though each of 14 States reported a rise of more than 10 percent and 18 States reported smaller increases.

Veterans' placements were 48.8 percent of all male nonfarm placements during the month—a smaller proportion than in any month since July 1946. April placements rose to 147,845, which was 14 percent higher than the March figure and 5.5 percent less than in April 1947. Increases in 43 States accounted for the national rise and 10 States had increases of more than 40 percent.

Table 7.—*Nonfarm placements by State, April 1948*

U. S. Employment Service region and State	Total	Women	Veterans [1]
Total	457,788	154,625	147,845
Region I:			
Connecticut	6,939	2,645	2,023
Maine	2,702	764	910
Massachusetts	9,102	3,773	2,920
New Hampshire	1,608	517	592
Rhode Island	2,233	1,293	458
Vermont	923	298	396
Region II:			
New York	59,858	35,024	11,870
Region III:			
Delaware	1,161	486	336
New Jersey	10,508	5,685	2,188
Pennsylvania	20,501	8,063	7,262
Region IV:			
District of Columbia	3,835	1,351	1,254
Maryland	5,425	1,415	1,872
North Carolina	9,927	2,775	3,370
Virginia	7,144	2,566	1,982
West Virginia	3,732	1,516	1,159
Region V:			
Kentucky	2,378	730	885
Michigan	10,591	2,125	4,360
Ohio	26,061	7,642	8,020
Region VI:			
Illinois	14,390	4,427	5,389
Indiana	9,850	3,230	3,065
Wisconsin	9,897	3,046	3,923
Region VII:			
Alabama	12,757	3,613	3,492
Florida	11,663	4,709	3,402
Georgia	12,019	3,801	3,624
Mississippi	8,286	2,441	2,410
South Carolina	8,366	2,026	2,752
Tennessee	12,052	3,724	4,136
Region VIII:			
Iowa	7,085	1,589	3,147
Minnesota	8,690	1,797	3,464
Nebraska	3,817	718	1,503
North Dakota	1,882	488	640
South Dakota	1,816	265	896
Region IX:			
Arkansas	9,412	2,920	2,812
Kansas	7,908	1,823	3,247
Missouri	9,377	2,484	3,306
Oklahoma	12,301	2,878	4,445
Region X:			
Louisiana	6,032	1,528	2,328
New Mexico	4,206	670	1,776
Texas	38,291	10,471	12,462
Region XI:			
Colorado	5,386	877	2,403
Idaho	3,041	515	1,505
Montana	2,298	362	1,042
Utah	2,226	464	1,043
Wyoming	1,087	194	399
Region XII:			
Arizona	3,631	1,002	1,32[illegible]
California	31,730	10,985	10,902
Nevada	1,611	512	455
Oregon	5,128	1,063	2,120
Washington	6,925	1,335	2,575

[1] Represents placements of veterans of all wars.

Source: Department of Labor, U. S. Employment Service.

Old-Age and Survivors Insurance

Monthly Benefits, April 1948

At the end of April, monthly benefits were in current-payment status for 2.1 million beneficiaries whose monthly benefits totaled $41.3 million (table 1).

Monthly benefits were awarded during April to 56,400 persons, 16 percent fewer than in March. All types of benefits except parent's benefits shared in the decline. The percentage decrease ranged from 6 percent for child's benefits to 21 percent for primary benefits.

Certifications in April totaled $44.4 million for monthly benefits and $3.0 million for lump-sum death payments.

Family Benefits, December 31, 1947

At the end of 1947, monthly benefits were in current-payment status for at least one member of more than 1.3 million families. Table 2 gives a distribution of these families according to the family classification of the beneficiaries receiving benefits and the average family benefit for each classification.

Retired worker families constituted 65 percent of all the families. The relative number of survivor families decreased only from 35.8 percent at the end of 1946 to 34.7 percent at the end of 1947, and the number of beneficiaries represented in these families decreased from 43.0 percent to 41.1 percent. During the year there was an increase in the proportion of families in which only an aged widow was receiving benefits and a decrease in the proportion of families consisting of a widowed mother and one or more children. Families with one or more children receiving benefits constituted about the same proportion of all families at the end of both years.

The average benefit in current-payment status at the end of 1947 for a retired worker with no dependents receiving benefits was $25.30 for men and $19.90 for women. For a retired worker and his wife the average was $39.60. For survivor families the average benefit ranged from $13.20 for a family in which only one child was receiving benefits to $52.20 for a family consisting of a widowed mother and three or more children, all receiving benefits.

A comparison of family benefits in current-payment status at the end of 1947, 1946, and 1944 (the first year for which such information is available) is presented in table 2. For each family classification the average benefit increased, mainly because each year the average award was larger. This latter increase was due to the change in the method of computing primary benefit amounts, as authorized by the 1946 amendments; the higher wages on which the benefits were based; and the increased number of annual increments used in computing benefit amounts. Awards under section 210 of the Social Security Act as amended in 1946 to survivors of certain veterans of World War II and awards under the 1946 amendments to the Railroad Retirement Act also contributed to the increase in the average award of survivor benefits. Other provisions of the

Table 1.—*Monthly benefits in current-payment status*[1] *at end of the month by type of benefit and month, April 1947–April 1948, and monthly benefit actions, by type of benefit, April 1948*

[Amounts in thousands; data corrected to May 14, 1948]

Item	Total		Primary		Wife's		Child's		Widow's		Widow's current		Parent's	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Monthly benefits in current-payment status at end of month:														
1947														
April	1,771,600	$33,769.7	767,780	$18,922.3	236,341	$3,080.2	487,755	$6,165.8	139,357	$2,823.6	132,079	$2,667.9	8,288	$110.0
May	1,805,219	34,480.2	784,083	19,353.9	241,224	3,148.4	494,959	6,266.7	142,857	2,896.2	133,443	2,700.0	8,653	115.0
June	1,832,285	35,071.5	797,927	19,722.2	245,364	3,206.0	499,246	6,328.0	146,124	2,965.6	134,673	2,730.4	8,951	119.2
July	1,855,330	35,598.5	811,586	20,087.6	249,540	3,265.1	500,495	6,345.0	149,173	3,030.5	135,350	2,747.7	9,186	122.[illegible]
August	1,876,967	36,094.9	824,265	20,428.5	253,214	3,318.3	502,706	6,378.5	151,770	3,085.8	135,636	2,758.6	9,376	125.2
September	1,903,351	36,655.7	836,861	20,765.9	257,344	3,377.3	509,005	6,469.3	154,865	3,150.9	135,715	2,764.4	9,561	127.9
October	1,930,719	37,245.9	849,841	21,120.9	261,523	3,437.6	515,933	6,571.9	158,410	3,226.3	135,272	2,758.7	9,740	130.5
November	1,952,441	37,711.8	860,827	21,410.8	265,034	3,487.5	520,478	6,638.8	161,145	3,285.1	135,070	2,756.9	9,887	132.8
December	1,978,245	38,276.8	874,724	21,778.9	269,174	3,545.2	524,783	6,702.5	164,309	3,351.8	135,229	2,763.7	10,026	134.7
1948														
January	2,008,009	38,933.2	891,182	22,215.4	273,913	3,612.3	529,660	6,773.8	167,578	3,420.8	135,480	2,773.5	10,196	137.3
February	2,040,859	39,673.6	909,187	22,706.0	278,951	3,685.1	535,074	6,854.3	170,969	3,493.1	136,379	2,796.4	10,299	138.8
March	2,080,312	40,537.9	929,291	23,245.8	284,875	3,769.4	542,097	6,955.7	175,946	3,598.8	137,666	2,827.6	10,437	140.7
April	2,115,064	41,306.6	946,133	23,706.7	289,537	3,838.6	549,128	7,058.5	180,419	3,693.5	139,193	2,865.5	10,654	143.8
Monthly benefit actions, April 1948:														
In force[2] beginning of month	2,369,812	47,063.2	1,094,963	27,730.4	326,697	4,356.9	571,802	7,333.0	178,837	3,655.4	186,963	3,845.4	10,550	142.1
Benefits awarded in month	56,400	1,190.4	25,945	692.2	9,054	126.6	11,547	161.4	5,241	109.5	4,333	96.7	280	4.0
Entitlements terminated[3]	17,713	332.6	6,382	159.5	3,228	41.7	4,763	63.5	728	14.0	2,539	52.9	73	1.0
Net adjustments[4]	160	16.2	14	10.2	−3	1.2	122	3.6	−2	−0.1	29	1.3	0	([5])
In force end of month	2,408,659	47,937.3	1,114,540	28,273.3	332,520	4,443.0	578,708	7,434.6	183,348	3,750.8	188,786	3,890.6	10,757	145.1

[1] Benefit in current-payment status is subject to no deduction or only to deduction of fixed amount which is less than current month's benefit.

[2] Represents total benefits awarded (including benefits in current, deferred, and conditional-payment status) after adjustment for subsequent changes in number and amount of benefits (see footnote 4) and terminations (see footnote 3), cumulative from January 1940.

[3] Benefit is terminated when a beneficiary dies or loses entitlement to a benefit for some other reason.

[4] Adjustments result from operation of maximum and minimum provisions and from recomputations and administrative actions.

[5] Less than $50.

Table 2.—*Number of families and beneficiaries in receipt of benefits at end of 1947, and average monthly benefit in current-payment status at end of 1947, 1946, and 1944, by family group*

[Based on 20-percent sample; average benefits shown to the nearest 10 cents; data corrected to May 20, 1948]

Family classification of beneficiaries	Number of families (in thousands)	Number of beneficiaries (in thousands)	Average monthly amount per family at end of—		
			1947	1946	1944
Total	1,339.5	1,978.2			
Retired worker families	874.7	1,165.8			
Worker only	589.6	589.6	$24.20	$23.90	$23.00
Male	470.8	470.8	25.30	24.90	24.10
Female	118.8	118.8	19.90	19.60	19.30
Worker and wife	269.0	537.9	39.60	39.00	37.90
Worker and 1 child	10.5	21.1	38.40	37.20	35.70
Worker and 2 or more children	5.4	16.5	47.70	47.40	44.60
Worker, wife, and 1 or more children [1]	.2	.6	53.70	51.30	48.50
Survivor families	464.7	812.5			
Aged widow	164.2	164.2	20.40	20.20	20.20
Widowed mother only [2]	4.3	4.3	20.20	19.90	19.90
Widowed mother and 1 child	69.1	138.3	35.40	34.60	34.40
Widowed mother and 2 children	39.3	117.8	48.80	48.20	47.30
Widowed mother and 3 or more children	22.6	92.1	52.20	51.40	50.10
1 child only	83.1	83.1	13.20	13.00	12.90
2 children	37.4	74.8	25.60	25.10	24.90
3 children	15.4	46.1	36.30	35.50	35.10
4 or more children	20.1	81.9	47.70	46.80	45.80
1 aged parent	8.5	8.5	13.60	13.20	13.20
2 aged parents	.8	1.5	25.60	25.60	24.70

[1] Figures subject to large probable sampling error because too few cases in sample.

[2] Benefits of child or children were being withheld at end of 1947.

1946 amendments, analogous to those that served to increase the average benefit awarded, authorized similar procedures for recomputing and thereby increasing certain benefits already on the rolls. The amendments also provided for recomputation of benefits to take into account wages earned by a primary beneficiary after entitlement to benefits.

A comparison of the relative number of families in each classification, by intervals of amount of family benefits in current-payment status, is shown in table 3. For each classification the distribution shows concentration at amounts corresponding to primary benefit amounts of $20–$30 and at the minimum benefit amounts. There is also some concentration at the maximum amounts.

Fewer than 800 families were receiving the maximum benefit of $85. This number is low because of the necessary combination of conditions governing the primary benefit amount and the family classification of beneficiaries. Before 1943 it was impossible for a family to receive the $85 maximum because a family benefit is limited to twice the primary benefit amount, and the maximum primary benefit possible in 1942 was $42.40. The $85 maximum benefit can now be paid only to families consisting of a retired worker and two or more dependents, a widowed mother and three or more children, or four or more children.

Table 3.—*Percentage distribution of beneficiary families by monthly amount of family benefit in current-payment status at end of 1947, for each specified family group*

[Based on 20-percent sample; average benefits shown to the nearest 10 cents; data corrected to May 20, 1948]

Monthly family benefit amount	Retired worker only		Retired worker and wife	Retired worker and 1 child	Aged widow	Widowed mother and children			Children only			
	Male	Female				1 child	2 children	3 or more children	1 child	2 children	3 children	4 or more children
Total number [1]	470,800	118,800	269,000	10,500	164,200	69,100	39,300	22,600	83,100	37,400	15,400	20,100
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than $10.00					[2] .8	0	0	0	[3] 5.1	[3] .1	0	0
10.00–14.99	[4] 15.2	[5] 31.4			16.7	4.5	0	0	67.4	11.9	[3] 1.2	0
15.00–19.99	9.1	14.7	[6] 10.4	[7] 10.7	32.8	4.1	4.5	[3] .1	23.4	8.7	11.4	[3] .3
20.00–24.99	26.0	33.1	5.0	5.5	26.7	4.7	3.1	8.7	[8] 4.1	26.3	5.7	12.7
25.00–29.99	21.6	14.0	5.3	6.1	13.0	16.9	2.8	3.6		24.5	6.9	5.3
30.00–34.99	14.2	4.2	15.6	18.3	[9] 10.0	19.2	4.0	4.4		17.5	19.1	5.5
35.00–39.99	8.1	1.6	16.3	17.5		16.9	10.8	3.8		7.1	18.7	5.6
40.00–44.99	[10] 5.9	[10] 1.0	13.9	12.5		14.9	13.9	8.2		[10] 3.9	15.4	10.0
45.00–49.99			11.4	10.9		8.8	13.9	13.3			10.7	14.8
50.00–54.99			8.3	7.5		8.4	12.2	13.4			6.3	13.2
55.00–59.99			5.7	4.9		[11] 1.8	12.5	11.2			2.6	9.6
60.00–64.99			5.6	3.5			8.6	10.1			1.8	8.4
65.00–69.99			[12] 2.5	[12] 2.5			5.7	9.2			[12] .3	6.5
70.00–74.99							5.0	6.0				4.0
75.00–79.99							[13] 3.0	3.2				2.1
80.00–84.99								2.5				1.0
85.00								2.2				.8
Average monthly amount per family	*$25.30*	*$19.90*	*$39.60*	*$38.40*	*$20.40*	*$35.40*	*$48.80*	*$52.20*	*$13.20*	*$25.60*	*$36.30*	*$47.70*

[1] Families with retired worker, wife, and child, or retired worker and 2 or more children, or widowed mother only, or 1 or 2 aged parents not shown because too few cases in sample.

[2] Widow's benefit reduced to less than $10 by primary benefit to which widow was concurrently entitled.

[3] Family benefit is less than minimum amount because 1 or more additional family members were entitled to benefits which were withheld at end of 1947.

[4] 7.1 percent at $10 minimum.

[5] 15.7 percent at $10 minimum.

[6] 5.9 percent at $15 minimum.

[7] 6.2 percent at $15 minimum.

[8] $22.20 maximum possible in 1947

[9] $33.30 maximum possible in 1947.

[10] $44.40 maximum possible in 1947.

[11] $55.50 maximum possible in 1947.

[12] $66.60 maximum possible in 1947.

[13] $77.70 maximum possible in 1947.

XUM

In families in which only the retired worker was receiving benefits, 7 percent of the men and 16 percent of the women were receiving the minimum of $10. Six percent of the families consisting of a retired worker and one dependent were receiving the minimum family benefit of $15.

Other available data show that for all retired workers receiving benefits at the end of 1947, 46 percent of the women and 23 percent of the men were receiving primary benefits of less than $20. Only 2.6 percent of the retired women were receiving primary benefit amounts of $35 or more, as compared with 15.2 percent of the retired men.

Public Assistance

The Budgetary Needs of Public Assistance Recipients in Kentucky

The rapid postwar rise in the cost of living has probably resulted in more frequent changes in the cost figures established by State public assistance agencies for consumption items than have occurred in any previous period of equal length. Inadequate funds and inadequate staff, however, have delayed such changes in some States. If payments were not meeting full need at former prices, State agencies have sometimes been reluctant to invest the staff time required for a study of price changes. Without current price data, however, agencies do not know the relationship between assistance payments and the actual need of recipients, and the percent of need on which payments nominally are based is misleading.

The following article by John M. McCaslin, Senior Statistician in the Division of Public Assistance of the Kentucky Department of Welfare, shows how one State agency obtained and used data on increased prices to estimate their effect on the average requirements of the recipients of each type of assistance, and the extent to which average payments met average estimated need based on current price levels for food, clothing, rent, and fuel.

The article also points up just how unfavorable is the situation of recipients receiving maximum payments. Payments cut off by maximums are, in effect, payments at less than 100 percent of need even in States that nominally meet need as established. States that authorize a reduction in all payments actually make a double cut in payments limited by maximums, and the resulting percent of need that is met, as this article shows, may be considerably smaller than that announced as State policy.

The rising cost of providing assistance for needy individuals and families is a country-wide problem which has been accentuated by the postwar increases in the number of needy persons and by postwar price increases. The problem is particularly acute in the Southern States because these States have larger groups of needy persons in ratio to population and less capacity to provide for them.

Kentucky shares with most other Southern States the problem of insufficient assistance funds to meet 100 percent of the amount needed to cover minimum living costs of needy persons. Its problem is to distribute the available funds on the most equitable basis possible in relation to the needs of recipients.

In August 1947, Kentucky was making assistance payments on the basis of 80 percent of the deficit between the recipient's requirements and his income, but this was an overstatement of the actual percent of need met by the assistance programs because of two additional limitations on the amounts of payments.

First, budgetary needs were computed from allowance schedules based on October 1945 prices for food and clothing and on 1941 rental rates.

Second, there were the maximum payments of $30 for aged recipients, $40 for the blind, and $18 for the first dependent child in each family and $12 for each additional child. The effects of these two limitations had to be measured to learn the actual ratio between total assistance payments and total budgetary deficits as of 1947.

Kentucky's assistance standards include money for the following requirements if they are not otherwise available to a recipient: food, clothing, shelter, fuel, light, water, household supplies and replacements, and medicine chest supplies. The cost of certain other items—school supplies, insurance, laundry, nursing care, and transportation — is included when specified circumstances exist. The State agency sets a uniform amount for some items and uses the amount actually paid for others. For shelter, the usual cost in the community is the maximum that may be included.

The typical case does not receive the maximum allowance possible under State policies for all budget items. Generally speaking, food and clothing are budgeted at the amounts established by the State agency, although occasionally the allowance for food requirements is reduced because garden products are available to meet a portion of these requirements. Many families own their own homes and receive an amount for shelter only large enough to pay taxes. Some other families rent land on a share-crop basis, and when this plan includes housing, there is no rental allowance in the budget. Recipients living in households that include nonrecipients receive only a prorated share of the rental allowance. Many families receive no money for fuel because free fuel is available. Electricity is not generally available in rural areas in Kentucky, and in most cases the lower cost of kerosene is included. Virtually no case in rural areas would receive an allowance for water because water is obtained from springs, wells, and cisterns.

Effects of Price Increases

In order to know the extent of the inadequacy of the allowances in use in August 1947, prices as of that date for a selected list of commodities were obtained in all geographical areas of the State. Various foods were priced at 137 independent food stores in 24 counties and at an office in Louisville that represented about 155 chain stores. The 24 counties were selected

to provide representation for all geographic areas in the State. Price studies in 1941 and 1945 had shown only minor variations between counties in the prices of comparable items of food and clothing in the stores with lower prices. Clothing items were priced at 72 stores, including two independent and one chain store in each of the 24 counties. Rental costs were obtained directly from case records when possible, otherwise by visits to clients. Arriving at the over-all increase in the cost of requirements was principally a problem in weighting the increases in the cost of the different requirements, and many of the weights had to be assigned on the basis of estimates in the absence of complete factual data.

The weights assigned to the various items of food and clothing were based on standard tables used by home economists, showing the quantities and types of clothing required in a given period by persons of both sexes and various age groups. The first use of weights occurred in averaging the prices from the different stores. Independent store prices were averaged and then given equal weights with chain-store prices, on the assumption that half the purchases made by low-income families were at chain stores. The second use of weights was made when the prices of the various commodities were combined to arrive at total costs per month for persons of given age and sex. The over-all percentage increases for food and clothing were weighted averages of the percentage increases for adults and for children by age groups, based on the estimated incidence of persons of these age groups in the State's recipients (tables 1 and 2).

Ascertaining the total increase in cost of rent required a somewhat different approach. It was necessary to take into account the variations in costs in urban and rural areas and between furnished and unfurnished living quarters, and to consider the size of quarters as related to the size of the family group. In addition, the over-all percentage increases in rental costs were weighted by the proportions of recipients with urban and rural residence and adjusted for the estimated proportion of recipients not requiring rental allowances (table 3).

The costs found in the price surveys, appropriately weighted, showed over-all increases of 33 percent for food, 32 percent for clothing, and 35 percent for rent. A final set of weights was used to combine these increases (plus an arbitrarily determined 20-percent increase for fuel) to arrive at the percent by which the total budgets of recipients would be increased if allowances were based on prices for August 1947. A sample study of cases in four counties found that food represented 54 percent of total budget costs; clothing, 19 percent; rent, 9 percent; fuel, 7 percent; and other items, 11 percent. Use of these weights resulted in the conclusion that total budgetary needs in August 1947 were 28.5 percent higher than total current allowances based on food and clothing prices in 1945 and rentals in 1941 (table 4). The Kentucky study did not take into consideration price increases in other items included in the State standards because they are provided on the basis of the maximum quantities allowable at the prices currently paid by the recipients. Price increases in these items, therefore, were already reflected in the amounts the agency allowed.

Table 1.—*Average monthly food costs for low-income families in Kentucky, by age group, October 1945 and August 1947*

Age group	October 1945	August 1947	Percentage increase
Adults	$11.20	$15.00	33.9
Children:			
12–17 years	14.80	20.00	35.1
9–11 years	13.20	17.50	32.6
6–8 years	10.50	13.90	32.4
3–5 years	9.00	11.80	31.1
1–2 years	7.50	9.70	29.3
Infants	7.00	8.90	27.1

Table 2.—*Average monthly clothing costs for low-income families in Kentucky, by age and sex, October 1945 and August 1947*

Age group and sex	October 1945	August 1947	Percentage increase
Adults:			
Men	$5.60	$7.60	36
Women	4.60	5.90	28
Children:			
Boys, 12–17 years	4.60	6.60	43
Girls, 12–17 years	4.50	6.50	44
Boys, 6–11 years	3.50	5.10	46
Girls, 6–11 years	3.20	4.40	38
Boys, 1–5 years	2.90	3.80	31
Girls, 1–5 years	2.70	3.40	26
Infants	2.20	2.50	14

Table 3.—*Average monthly rentals for low-income families in Kentucky, 1941 and 1947*

Type of living quarters and size of family	1941	1947	Percentage increase
Rural unfurnished:			
1 person	$5	$6	20
2 or 3 persons	8	10	25
4 or more persons	10	15	50
Urban unfurnished:			
1 person	6	11	83
2 or 3 persons	10	17	70
4 or more persons	20	22	10
Rural furnished:			
1 person	7	10	43
2 or 3 persons	10	18	80
4 or more persons	25	26	4
Urban furnished:			
1 person	10	16	60
2 or 3 persons	15	31	107
4 or more persons	35	35	0

Table 4.—*Effect of price increases on budgetary needs of public assistance recipients in Kentucky*

Budget items	Percentage increase [1] in costs, August 1947 from—		Percentage distribution of budget items [2]	Percent by which total budget is increased in August 1947
	1941	1945		
Total			100	28.5
Food		33	54	17.8
Clothing		32	19	6.1
Rent	35		9	3.2
Fuel (coal)		20	7	1.4
Other			11	

[1] Percentage increases are weighted averages of the increases listed in table 1 for food, table 2 for clothing, and table 3 for rent, plus an arbitrarily determined increase for coal. They represent over-all increases for the 3 public assistance programs, and do not show the variation among programs.

[2] Weights assigned to the budget items were obtained by a study of 100 percent of all public assistance cases in 4 counties. These, too, are over-all percentages for the 3 public assistance programs and do not show the variations among programs.

Budgetary Need of Aged and Blind Recipients

In July 1947 the $30 maximum for aged recipients and the $40 limit for the blind affected only 1 percent of all such recipients. Only a small margin of error was involved, therefore, in assuming that, for aged and blind recipients, payments were equal to 80 percent of budgetary deficit at the 1945 price level. Raising the amount of the average payment to 100 percent and increasing this figure by the 28.5-percent rise estimated from the

Table 5.—*Percent of budgetary deficit at August 1947 price level met by public assistance payments in Kentucky*

Item	Old-age assistance	Aid to the blind	Aid to dependent children (per child)
Average payments in August 1947	$17.40	$18.40	$13.65
Budgetary deficit at 1945 price level	$21.75	$23.00	$21.66
August payments as percent of budgetary deficit at 1945 price level	80	80	63
Budgetary deficit at August 1947 price level [1]	$27.95	$29.55	$27.83
Percent of budgetary deficit met by August 1947 payments	62	62	49

[1] Increase of 28.5 percent over 1945 price level.

price study gave an approximate average budgetary deficit of $27.95 for recipients of old-age assistance and $29.55 for recipients of aid to the blind.[1]

The processes discussed above established the fact that average payments in August 1947—$17.40 for the aged and $18.40 for the blind—were actually meeting no more than 62 percent of average need at 1947 price levels (table 5).

Effect of Aid to Dependent Children Maximums

Less adequate maximums had resulted in a much more serious situation for recipients of aid to dependent children and presented an additional problem in determining the proportion of need met in this program. In July 1947, 4 out of 5 payments were at the $18/12 maximums. Since these payments had been determined by arbitrary limits, it was obvious that most of the families were not receiving the 80 percent of the budgetary deficit for which Kentucky policy called. To determine the need of the families in terms of prices in 1945, data from the budget sheets in individual case records were summarized for a sample of all cases. The average budgetary deficit in 1945, increased by the 28.5-percent over-all price increase, resulted in a deficit, at 1947 prices, of $27.83 per dependent child. The August 1947 average payment of $36 per family was actually meeting 63 percent of the average budgetary deficit at the old price levels and would meet only 49 percent at 1947 levels (table 5).[2]

Payments met 56 percent of current need for families whose payments were less than the maximum. The group of families receiving maximum payments, however, had only 46 percent of its total budgetary deficit met. The study showed that the families who received maximum payments needed larger payments because they had less income from other sources. The average income of the 82 percent of the families in the study with payments at maximums was $3.78 per family, as compared with $21.52 per family for the 18 percent who received less than the maximums. The percent of need that was met varied greatly even among the families getting maximum payments and was generally less for families in which few children were aided than for larger families. In the smaller families, it was more difficult to meet the needs of the mother within the margin that could be squeezed out of the maximums of $18 for the first child and $12 for each additional child. Average payments to one and two-child families met only 40 and 43 percent, respectively, of average current need. The percent of need met for individual families with above-average budgetary deficits was, of course, still smaller than the average for all such families shown in table 6.

Use of Study Findings

The State legislature convened in January 1948. One of its responsibilities was to appropriate funds for assistance payments for the fiscal years 1949 and 1950. In order to have current information on the needs of recipients, the State agency repriced food and clothing as of January. The rise of 7.7 percent in both of these requirements since August 1947 represented a further increase of 5.7 percent in the cost of the average budgetary deficit for all recipients and reduced the average percentage of need met by payments to 59 in old-age assistance and aid to the blind and 46

[1] These amounts are somewhat too low because the 28.5-percent price increase was applied to the average budgetary deficit instead of to average requirements. The latter data were not available in the State office. As is shown later, however, when the increase was applied to the cost of requirements as well as to the budgetary deficits for aid to dependent children, the proportion of need which payments represented was changed by only 1 percent.

[2] The 28.5-percent increase was applied to the budgetary deficit in this computation to obtain results comparable with those for old-age assistance and aid to the blind. Information on requirements and income in this program permitted the more accurate procedure of increasing the cost of requirements and subtracting income from this cost to obtain the budgetary deficit (table 6). The resulting deficit is larger by 75 cents per child or $1.99 per family than that shown in table 5. The use of this deficit changes from 49 to 48 percent the proportion of need met.

Table 6.—*Percent of budgetary deficit met by aid to dependent children payment for families getting maximum payments, by number of children, Kentucky, August 1947* [1]

Number of dependent children	Number of families in sample	Average budgetary deficit	Average payment	
			Amount	Percent of budgetary deficit
All families	688	$75.31	$36.00	47.8
Families receiving maximum payments	564	77.91	36.06	46.3
1 child	191	44.97	18.00	40.0
2 children	138	70.04	30.00	42.8
3 children	117	89.51	42.00	46.9
4 children	48	110.62	54.00	48.8
5 children	38	128.66	66.00	51.3
6 children	19	147.85	78.00	52.8
7 children	8	160.77	90.00	56.0
8 children	3	173.22	102.00	58.9
9 children	1	189.48	114.00	60.2
10 children	1	209.84	126.00	60.0
Families receiving less than maximum payments	124	63.48	35.71	56.3

[1] Average budgetary deficit represents the difference between the average cost of requirements adjusted for prices in August 1947 and average income other than assistance. Percent of average budgetary deficit met by the average payment differs slightly from that shown in table 5. See text footnote 2, above.

Table 7.—*Public assistance in the United States, by month, April 1947–April 1948* [1]

Year and month	Total	Old-age assistance	Aid to dependent children		Aid to the blind	General assistance	Total	Old-age assistance	Aid to dependent children		Aid to the blind	General assistance
			Families	Children					Families	Children		
	Number of recipients						Percentage change from previous month					
1947												
April		2,255,525	384,053	979,620	77,954	339,000		+0.5	+2.6	+2.4	+0.5	−1.6
May		2,259,677	391,312	996,959	78,648	338,000		+.2	+1.9	+1.8	+.9	−.3
June		2,271,007	396,148	1,009,475	79,033	335,000		+.5	+1.2	+1.3	+.5	−.7
July		2,279,507	399,688	1,017,730	79,341	334,000		+.4	+.9	+.8	+.4	−.4
August		2,289,260	404,014	1,027,974	79,719	333,000		+.4	+1.1	+1.0	+.5	−.3
September		2,297,995	407,610	1,037,210	80,045	332,000		+.4	+.9	+.9	+.4	−.5
October		2,314,788	412,448	1,047,863	80,484	335,000		+.7	+1.2	+1.0	+.5	+1.1
November		2,323,989	410,912	1,046,146	80,822	340,000		+.4	−.4	−.2	+.4	+1.3
December		2,332,006	416,190	1,059,944	81,149	356,000		+.3	+1.3	+1.3	+.4	+4.7
1948												
January		2,338,645	423,096	1,078,775	81,442	378,000		+.3	+1.7	+1.8	+.4	+6.3
February		2,340,862	429,792	1,096,609	81,842	393,000		+.1	+1.6	+1.7	+.5	+3.9
March		2,345,135	437,487	1,115,946	82,073	402,000		+.2	+1.8	+1.8	+.3	+2.3
April		2,352,249	444,144	1,132,808	82,372	392,000		+.3	+1.5	+1.5	+.4	−2.4
	Amount of assistance						Percentage change from previous month					
1947												
April	$121,883,760	$81,165,676	$24,118,180		$2,943,904	$13,656,000	+0.7	+0.5	+1.7		+0.8	−0.1
May	122,023,637	81,159,125	24,295,503		2,971,009	13,598,000	+.1	(2)	+.7		+.9	−.4
June	122,518,213	81,903,194	24,465,905		2,998,114	13,151,000	+.4	+.9	+.7		+.9	−3.3
July	123,416,954	82,045,300	24,865,393		3,034,261	13,472,000	+.7	+.2	+1.6		+1.2	+2.4
August	124,973,835	83,317,307	25,221,353		3,055,175	13,380,000	+1.3	+1.6	+1.4		+.7	−.7
September	125,906,660	83,877,538	25,472,965		3,075,157	13,481,000	+.7	+.7	+1.0		+.7	+.8
October	128,418,513	85,201,373	25,961,309		3,167,831	14,088,000	+2.0	+1.6	+1.9		+3.0	+4.5
November	128,722,531	85,770,698	25,736,955		3,187,878	14,027,000	+.2	+.7	−.9		+.6	−.4
December	131,918,102	87,270,336	26,224,905		3,211,861	15,211,000	+2.5	+1.7	+1.9		+.8	+8.4
1948												
January	134,016,675	87,856,146	26,927,594		3,239,935	15,993,000	+1.6	+.7	+2.7		+.9	+5.1
February	[3] 137,937,576	[3] 88,872,293	[3] 29,062,674		3,267,609	16,735,000	[3] +2.9	[3] +1.2	[3] +7.9		+.9	+4.6
March	138,351,918	88,430,967	28,808,122		3,292,829	17,820,000	[3] +.3	[3] −.5	[3] −.9		+.8	+6.5
April	138,862,789	88,990,139	29,317,323		3,333,327	17,222,000	+.4	+.6	+1.8		+1.2	−3.4

[1] Data subject to revision. Excludes programs administered without Federal participation in States administering such programs concurrently with programs under the Social Security Act.

[2] Decrease of less than 0.05 percent.

[3] February data include retroactive payments in Missouri of $1,096,446 for old-age assistance and $907,508 for aid to dependent children. Excluding these amounts, percentage changes for old-age assistance would be −0.1 in February and +0.7 in March; for aid to dependent children, +4.6 in February and +2.3 in March; and for total, +1.4 in February and +1.8 in March.

Table 8.—*Old-age assistance: Recipients and payments to recipients, by State, April 1948* [1]

State	Number of recipients	Payments to recipients: Total amount	Payments to recipients: Average	Percentage change from March 1948 in— Number	March 1948 in— Amount	April 1947 in— Number	April 1947 in— Amount
Total	2,352,249	$88,990,139	$37.83	+0.3	+0.6	+4.3	+9.6
Ala	63,652	1,241,847	19.51	+.8	+.6	+26.7	+39.8
Alaska	1,371	59,868	43.67	+.7	+1.6	+.3	−3.9
Ariz	10,707	511,209	47.75	+.1	+.2	+1.7	−1.2
Ark	46,622	848,440	18.20	+1.3	+1.4	+22.8	+21.0
Calif	185,161	10,565,669	57.06	+.7	+.6	+9.2	+18.4
Colo	44,902	2,718,958	60.55	+.1	+.1	+6.5	+8.9
Conn	15,417	741,798	48.12	+.2	−1.2	+3.7	+15.2
Del	1,300	33,044	25.42	+1.4	+1.8	+8.8	+31.1
D. C	2,340	94,374	40.33	+.3	+.9	+1.7	+2.1
Fla	57,356	2,185,132	38.10	+1.0	+1.2	+12.2	+17.7
Ga	82,659	1,547,822	18.73	+1.0	+2.2	+7.9	+18.3
Hawaii	1,980	67,802	34.24	+.8	+3.6	+20.1	+19.4
Idaho	10,460	437,291	41.81	−.3	(2)	+.1	(2)
Ill	125,641	5,152,187	41.01	(3)	+.2	−.9	+3.3
Ind	50,444	1,636,706	32.45	(3)	+.8	−10.4	−.4
Iowa	48,551	2,069,985	42.64	(3)	+.6	+.6	+9.4
Kans	35,613	1,408,492	39.55	+.2	+.3	+6.4	+22.0
Ky	51,552	850,459	16.50	+.3	−4.8	+11.6	+6.0
La	56,207	1,262,998	22.47	+2.3	+3.4	+17.7	+8.6
Maine	13,055	434,849	33.31	+.6	−8.2	−15.9	−18.3
Md	11,857	387,655	32.69	+.4	+.9	+1.2	+8.1
Mass	88,447	4,903,777	55.44	+.1	+.7	+4.9	+15.1
Mich	91,060	3,515,077	38.60	(2)	+.4	−1.9	+5.6
Minn	54,392	2,358,754	43.37	(3)	+.5	+.6	+18.8
Miss	39,794	627,564	15.77	−1.0	−1.1	+2.3	−5.7
Mo	115,778	$4,228,257	$36.52	+0.2	+0.6	+2.7	+7.8
Mont	10,908	432,313	39.63	+.3	+.4	+2.4	+8.3
Nebr	24,067	956,998	39.76	−.3	−.1	−4.3	−2.7
Nev	2,119	103,041	48.63	−.3	−.2	+6.7	+9.8
N. H	6,811	270,158	39.66	−.2	+.1	+1.1	+15.0
N. J	23,171	988,323	42.65	−.1	+.6	+.8	+6.3
N. Mex	8,751	314,635	35.95	+.6	+.9	+13.3	+12.7
N. Y	111,674	5,556,994	49.76	+.2	−.1	+4.0	+9.1
N. C	43,009	778,090	18.09	+.8	+.9	+15.5	+16.9
N. Dak	8,767	346,567	39.53	−.4	−.1	−1.4	+.5
Ohio	122,437	5,111,731	41.75	+.1	+.2	+1.4	+8.2
Okla	96,111	4,075,576	42.40	+.3	+.3	+2.1	+2.5
Oreg	22,249	971,084	43.65	+.3	+.5	−3.1	−4.6
Pa	88,380	3,164,943	35.81	−.4	+1.5	−1.7	+3.7
R. I	8,891	372,220	41.86	+.1	+.8	+7.8	+16.9
S. C	32,917	653,013	19.84	+.7	+.9	+16.3	+13.9
S. Dak	12,107	394,078	32.55	−.5	+1.0	−5.2	−5.7
Tenn	50,809	1,173,012	23.09	+.6	+14.2	+10.5	+38.1
Tex	201,154	6,328,030	31.46	+.3	+1.2	+4.7	+14.1
Utah	11,682	545,228	46.67	(3)	−.1	−9.0	+.7
Vt	6,000	202,472	33.75	−.2	+.5	+8.7	+19.0
Va	16,383	302,468	18.46	+.1	+.2	+4.9	+10.8
Wash	63,777	3,622,845	56.80	(2)	+.3	−5.5	−4.6
W. Va	22,021	448,924	20.39	+.3	+.6	+8.6	+46.9
Wis	47,811	1,794,511	37.53	+.1	+.4	+1.4	+6.7
Wyo	3,925	192,880	49.14	+.3	+.1	+3.3	+4.1

[1] For definitions of terms see the *Bulletin*, January 1948, pp. 24–26. All data subject to revision.

[2] Increase of less than 0.05 percent.

[3] Decrease of less than 0.05 percent.

Table 9.—*General assistance: Cases and payments to cases, by State, April 1948*[1]

State	Number of cases	Payments to cases		Percentage change from—			
		Total amount	Average	March 1948 in—		April 1947 in—	
				Number	Amount	Number	Amount
Total[2]	392,000	$17,222,000	$43.92	−2.4	−3.4	+15.7	+26.1
Ala	6,024	97,799	16.23	−.3	−.3	+25.7	+28.1
Alaska	142	4,503	31.71	+4.4	−3.0	−15.0	−9.4
Ariz	2,092	61,173	29.24	−2.7	−2.0	−8.4	−5.7
Ark.[3]	2,628	32,237	12.27	−.4	+.7	−1.4	−1.4
Calif	33,287	1,561,401	46.91	−1.1	+.7	+40.1	+40.2
Colo	4,824	205,628	42.63	−4.2	−4.2	+15.0	+29.3
Conn	[4] 3,695	[4] 164,701	44.57	−5.6	−7.3	+10.1	+18.1
Del	974	36,601	37.58	−1.7	−7.2	+25.5	+30.7
D. C	1,150	51,090	44.43	+1.5	+1.5	−3.0	−11.4
Fla	[5] 4,100	[5] 68,000					
Ga	3,076	50,024	16.26	−4.9	−3.7	+4.6	+19.4
Hawaii	1,050	49,708	47.34	+2.2	+1.9	+19.2	+20.6
Idaho[6]	522	15,754	30.18	+.4	+.5	−3.7	+3.1
Ill	28,747	1,551,205	53.96	+2.1	+6.9	+21.2	+48.2
Ind.[7]	10,879	272,377	25.04	−8.5	−16.2	+11.8	+12.6
Iowa	4,134	115,935	28.04	−5.2	−13.0	−10.7	−4.7
Kans	5,041	217,393	43.12	−6.6	−8.8	+4.2	+5.7
Ky	2,150	35,153	16.35	−13.3	−19.8	(8)	(8)
La	10,002	224,777	22.47	+3.1	+3.1	+20.3	+27.6
Maine	3,325	129,463	38.94	−1.1	−9.3	+37.6	+34.2
Md	4,297	173,565	40.39	+.2	+2.8	−46.4	−38.1
Mass	17,426	757,438	43.47	−2.0	−9.3	+14.1	+21.6
Mich	28,603	1,410,521	49.31	−3.0	−11.1	+30.8	+45.4
Minn	7,228	310,512	42.96	−.9	−4.4	+13.1	+29.5
Miss	552	5,780	10.47	−.9	−.2	+26.6	+30.9
Mo.[9]	12,251	341,837	27.90	−.7	+.2	+11.5	+30.0
Mont	1,435	38,348	26.72	−6.7	−7.9	+14.4	+13.4
Nebr	1,647	47,012	28.54	−13.9	−20.6	−4.6	+2.4
Nev	291	7,556	25.97	−14.9	−.6	+.7	+33.9
N. H	1,371	52,143	38.03	−.7	−6.1	+13.9	+27.8
N. J.[7]	7,679	412,242	53.68	−6.1	−8.7	+28.1	+43.8
N. Mex.[9]	1,953	42,454	21.74	+.9	+2.6	+12.8	+12.9
N. Y	[10] 65,465	4,328,308	66.12	−1.2	−2.8	+18.0	+15.8
N. C	3,413	47,523	13.92	−6.3	−7.4	+12.0	+9.8
N. Dak	940	30,509	32.46	−10.7	−9.3	+23.7	+31.0
Ohio	24,604	1,147,798	46.65	−2.0	−1.6	+29.3	+50.2
Okla	[11] 6,300	73,066	(11)	(11)	+1.3	(11)	+19.8
Oreg	7,117	337,530	47.43	−8.8	−7.6	+50.8	+57.3
Pa	32,307	1,418,021	43.89	−1.7	+.7	−4.8	+11.7
R. I	3,035	134,444	44.30	+5.9	−5.4	+19.4	+13.7
S. C	4,217	67,899	16.10	+.4	+.9	−4.5	+25.3
S. Dak	890	24,831	27.90	+2.7	+1.4	−4.0	+6.9
Tenn	1,706	21,137	12.39	−13.3	−3.4	(8)	+43.2
Tex	[5] 4,500	[5] 90,000					
Utah	1,954	104,199	53.33	−5.0	−6.1	+6.2	+14.0
Vt	[5] 700	[5] 18,000					
Va	4,105	88,202	21.49	−1.4	−.3	+8.4	+16.9
Wash	10,867	628,646	57.85	−13.5	−9.6	+41.5	+86.6
W. Va	3,650	53,241	14.59	−.6	−1.0	−27.5	−29.3
Wis	5,273	224,180	42.51	−5.5	−7.8	+7.5	+16.1
Wyo	469	21,714	46.30	−6.8	−8.0	+6.6	+9.8

[1] For definitions of terms see the *Bulletin*, January 1948, pp. 24–26. All data subject to revision.
[2] Partly estimated; does not represent sum of State figures because total excludes payments made in Indiana and New Jersey for, and an estimated number of cases receiving, medical care, hospitalization, and burial only.
[3] State program only; excludes program administered by local officials.
[4] About 6 percent of this total is estimated.
[5] Estimated.
[6] Excludes assistance in kind and cases receiving assistance in kind only and, for a few counties, cash payments and cases receiving cash payments. Amount of payments shown represents about 60 percent of total.
[7] Includes unknown number of cases receiving medical care, hospitalization, and burial only, and total payments for these services.
[8] Not computed; data for April 1947 estimated.
[9] Excludes a few cases and small amount of local funds not administered by State agency.
[10] Includes cases receiving medical care only.
[11] Excludes estimated duplication between programs; 2,792 cases were aided by county commissioners and 4,252 cases under program administered by State Board of Public Welfare. Average per case and percentage change in number of cases not computed.

Table 10.—*Aid to the blind: Recipients and payments to recipients, by State, April 1948*[1]

State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	March 1948 in—		April 1947 in—	
				Number	Amount	Number	Amount
Total	82,372	$3,333,327	$40.47	+0.4	+1.2	+5.7	+13.2
Total, 47 States[2]	65,044	2,656,651	40.84	+.5	+1.1	+6.3	+15.2
Ala	1,084	23,891	22.04	+.2	−.3	+10.1	+21.1
Ariz	652	36,766	56.39	+1.6	+1.3	+6.5	+3.0
Ark	1,604	33,667	20.99	+.4	+.4	+12.2	+10.7
Calif	7,175	521,207	72.64	+1.9	+1.9	+14.3	+31.9
Colo	390	19,988	51.25	+.8	+1.2	−4.2	+31.5
Conn	149	6,255	41.98	+1.4	+.4	+7.2	+12.9
Del	125	3,768	30.14	0	+.6	+11.6	+21.8
D. C	220	9,946	45.21	+.5	+1.7	+4.8	+10.9
Fla	2,812	110,512	39.30	+.8	+.9	+9.0	+14.0
Ga	2,306	51,444	22.31	+.7	+1.8	+5.0	+15.0
Hawaii	75	2,793	37.24	(3)	(3)	(3)	(3)
Idaho	204	9,428	46.22	+.5	+.5	−3.3	−4.5
Ill	4,648	198,293	42.66	−.4	−.4	−4.6	(4)
Ind	1,905	65,845	34.56	−.2	+.8	−1.6	+7.2
Iowa	1,196	[5] 55,129	46.09	−.2	+.2	−2.9	−2.6
Kans	875	37,088	42.39	−.7	−.2	−22.2	−16.2
Ky	1,875	32,671	17.42	−.1	−6.0	+13.6	+7.8
La	1,619	44,737	27.63	+.7	+2.1	+9.2	+1.3
Maine	670	22,530	33.63	+.3	+.4	−10.7	−12.7
Md	468	16,524	35.31	+.4	+.2	0	+4.1
Mass	1,247	66,223	53.11	−.8	−.9	+7.2	+12.7
Mich	1,496	64,532	43.14	+.8	+5.6	+7.4	+15.4
Minn	1,039	51,999	50.05	+.4	−.2	+7.1	+21.9
Miss	2,103	50,607	24.06	−.8	−.9	+5.3	+6.7
Mo	[6] *2,750*	[6] *96,250*	[7] *35.00*				
Mont	438	18,071	41.26	0	+.4	+13.8	+16.8
Nebr	513	22,918	44.67	0	−1.3	+13.0	+28.1
Nev	*29*	*1,218*	(3)	(3)	(3)	(3)	(3)
N. H	303	12,745	42.06	+.3	+1.0	+4.5	+21.4
N. J	642	28,466	44.34	0	−.7	+10.1	+15.6
N. Mex	415	16,364	39.43	+1.2	+1.2	+49.3	+49.6
N. Y	3,555	196,692	55.33	+1.3	+1.5	+7.2	+12.0
N. C	3,160	92,328	29.22	+1.5	+2.2	+12.9	+28.3
N. Dak	121	5,165	42.69	−.8	+2.4	−3.2	+7.1
Ohio	3,410	134,694	39.50	+.9	+1.6	+6.5	+18.5
Okla	2,604	111,538	42.83	+.4	+.5	+11.3	+11.3
Oreg	376	18,806	50.02	−1.1	−1.6	−5.1	−9.6
Pa	*14,549*	*579,208*	*39.81*	*+.3*	*+.2*	*+4.3*	*+4.5*
R. I	142	6,535	46.02	0	+1.5	+10.9	+27.7
S. C	1,310	29,508	22.53	+.9	+1.0	+12.5	+6.8
S. Dak	218	6,522	29.92	0	+1.5	0	−.6
Tenn	1,893	61,787	32.64	+.6	+8.1	+12.1	+60.4
Tex	5,528	191,454	34.63	(4)	+.3	+6.0	+16.8
Utah	144	7,918	54.99	0	−.8	−.7	+15.3
Vt	185	7,050	38.11	+1.6	+2.0	+3.9	+8.8
Va	1,191	28,717	24.11	+.1	+.4	+8.5	+18.3
Wash	666	46,203	69.37	+.6	+1.8	+1.2	+9.9
W. Va	887	20,906	23.57	+.5	+1.1	+2.0	+33.6
Wis	1,292	51,145	39.59	+.7	+1.3	−.5	+9.5
Wyo	114	5,276	46.28	−.9	−.9	−5.8	−14.8

[1] For definitions of terms see the *Bulletin*, January 1948, pp. 24–26. Figures in italics represent programs administered without Federal participation. Data exclude program administered without Federal participation in Connecticut, which administers such program concurrently with program under the Social Security Act. Alaska does not administer aid to the blind. All data subject to revision.
[2] Under plans approved by the Social Security Administration.
[3] Average payment not calculated on base of less than 50 recipients; percentage change, on less than 100 recipients.
[4] Increase of less than 0.05 percent.
[5] Excludes cost of medical care, for which payments are made to recipients quarterly.
[6] Estimated.
[7] Represents statutory monthly pension of $35 per recipient; excludes payment for other than a month.

in aid to dependent children. The legislature appropriated slightly more money for the fiscal year 1949 than will be spent in 1948. Although no over-all increases in assistance payments will be possible, information on the current cost of budgetary needs has resulted in a more realistic basis for computing assistance payments and has led to a plan for a fairer distribution of the available funds. By this plan the percentages of need met by payments will be equalized for the three public assistance categories, and considerable improvement will be achieved in overcoming the inequalities caused by the previous limits on aid to dependent children payments. Beginning in April, payments are to be computed on the basis of 50 percent of the budgetary deficit for all recipients. Maximum payments of aid to dependent children are to be increased from $18 for the first child and $12 for each additional child to $24 and $15. The State agency estimates that the percentage of families whose payments will not meet the new proportion of their budgetary deficits because of the higher maxi-

Table 11.—*Aid to dependent children: Recipients and payments to recipients, by State, April 1948* [1]

State	Number of recipients		Payments to recipients		Percentage change from—					
					March 1948 in—			April 1947 in—		
					Number of—		Amount	Number of—		Amount
	Families	Children	Total amount	Average per family	Families	Children		Families	Children	
Total	444,144	1,132,808	$29,317,323	$66.01	+1.5	+1.5	+1.8	+15.6	+15.6	+21.6
Total, 50 States [2]	444,095	1,132,695	29,315,735	66.01	+1.5	+1.5	+1.8	+15.6	+15.6	+21.6
Alabama	10,340	28,178	341,994	33.07	+1.2	+.8	+.9	+29.8	+26.8	+35.9
Alaska	228	534	7,321	32.11	+1.3	+3.9	+4.0	−4.6	−9.5	−33.0
Arizona	2,451	7,141	126,891	51.77	+1.4	+1.7	+8.0	+3.6	+4.6	+4.7
Arkansas	8,971	23,410	318,040	35.45	+2.9	+2.8	+2.9	+41.8	+39.3	+37.6
California	15,299	35,514	1,637,478	107.03	+4.1	+3.7	+4.8	+50.7	+42.6	+71.1
Colorado	4,615	12,594	366,018	79.31	+1.2	+1.3	+.9	+12.4	+11.7	+28.0
Connecticut	2,777	6,805	279,818	100.76	+.2	(3)	+1.2	+.9	−.6	+9.0
Delaware	334	991	24,734	74.05	+.6	+.8	+1.0	+42.7	+56.3	+27.3
District of Columbia	1,279	3,894	97,194	75.99	+1.7	+.6	+1.5	−.9	−.2	−.7
Florida	16,737	41,139	701,470	41.91	+4.9	+4.8	+4.8	+74.7	+72.0	+106.8
Georgia	8,224	21,088	300,190	36.50	+3.2	+3.2	+3.9	+28.3	+27.8	+32.0
Hawaii	1,345	4,050	114,070	84.81	+3.8	+3.6	+3.6	+50.1	+46.8	+36.2
Idaho	1,883	4,829	151,771	80.60	+1.0	+1.0	+1.3	+6.6	+4.9	+8.9
Illinois	21,787	55,175	1,896,546	87.05	+.7	+.6	+.8	−8.4	−5.6	−2.4
Indiana	8,362	20,714	421,060	50.35	+.7	+.9	+1.5	+10.9	+12.1	+42.1
Iowa	4,952	13,713	[4] 357,367	72.17	+1.8	+2.1	+3.3	+19.7	+19.4	+147.1
Kansas	5,033	12,724	364,182	72.36	+.2	(5)	+.1	+8.0	+7.6	+10.9
Kentucky	13,137	33,361	466,877	35.54	+1.5	+1.7	+5.0	+56.3	+54.3	+33.8
Louisiana	14,634	38,066	588,950	40.25	+3.7	+3.5	+4.4	+27.3	+27.6	+9.6
Maine	2,299	6,624	181,848	79.10	+3.6	+3.7	+3.7	+18.2	+18.4	+3.0
Maryland	5,782	16,725	415,612	71.88	(3)	(3)	−.7	+20.8	+21.8	+79.6
Massachusetts	10,240	25,317	1,065,605	104.06	+1.2	+1.4	+1.1	+13.0	+12.9	+22.4
Michigan	21,890	51,342	1,701,845	77.75	+1.2	+.9	+1.1	+11.0	+9.3	+11.0
Minnesota	6,743	17,244	463,840	68.79	+1.1	+1.2	+1.2	+15.8	+15.7	+42.2
Mississippi	5,533	14,720	145,717	26.34	−1.2	−1.1	−1.2	+8.8	+9.5	+8.5
Missouri	20,256	52,403	937,420	46.28	+.9	+.8	+.9	+6.4	+5.3	+32.2
Montana	1,935	5,102	137,910	71.27	+1.2	+.8	+1.7	+16.1	+15.9	+26.3
Nebraska	3,222	7,640	241,127	74.84	+.1	+.6	+1.2	+4.8	+4.5	−3.0
Nevada	*49*	*113*	*1,588*	(6)	(6)	(6)	(6)	(6)	(6)	(6)
New Hampshire	1,200	3,023	97,734	81.45	−1.1	−.8	−.8	+10.9	+9.5	+17.0
New Jersey	4,712	12,276	384,146	81.53	+.6	+.6	+.3	+18.1	+19.9	+25.9
New Mexico	4,615	12,257	255,285	55.32	+3.3	+3.4	+3.5	+32.4	+33.7	+50.5
New York	45,725	106,864	4,661,564	101.95	+1.1	+1.2	−.3	+20.5	+19.3	+19.7
North Carolina	9,113	26,017	323,752	35.53	+2.1	+2.4	+1.8	+22.7	+23.8	+24.6
North Dakota	1,667	4,485	144,114	86.45	+1.2	+.8	+1.0	+.3	−.2	+19.5
Ohio	10,090	27,332	725,720	71.92	+1.4	+1.6	+1.4	+10.0	+8.5	+18.7
Oklahoma	23,106	57,515	1,020,502	44.17	+1.0	+1.2	+1.0	−12.9	−10.4	−14.6
Oregon	2,623	6,740	261,288	99.61	+2.0	+2.3	+2.6	+4.3	+5.9	+10.7
Pennsylvania	40,628	105,193	3,248,375	79.95	+.7	+.7	+3.7	+5.1	+6.2	+16.7
Rhode Island	2,711	6,810	214,476	79.11	−.1	+.3	+.9	+20.6	+20.6	+24.6
South Carolina	6,771	18,959	176,907	26.13	+1.5	+1.8	+2.0	+29.0	+30.6	+23.1
South Dakota	1,810	4,511	82,924	45.81	+.7	+1.3	+1.8	−8.3	−6.9	−8.8
Tennessee	15,330	41,116	714,011	46.58	+1.4	+1.2	+6.8	+16.8	+17.2	+55.0
Texas	17,382	44,072	622,252	35.80	+1.8	+2.0	−2.4	+31.7	+32.3	+12.2
Utah	2,930	7,695	301,481	102.89	+1.4	+.5	+1.9	+20.1	+18.1	+35.2
Vermont	806	2,173	38,618	47.91	+1.9	+1.1	+1.6	+20.1	+16.8	+24.0
Virginia	5,229	15,019	215,905	41.29	+.8	+.5	+.1	+18.4	+17.3	+24.7
Washington	8,279	19,849	816,469	98.62	+3.2	+2.5	+2.7	+17.1	+15.7	+5.9
West Virginia	11,051	30,498	451,264	40.83	+1.4	+1.5	+1.3	+18.5	+19.0	+69.0
Wisconsin	7,627	19,093	669,375	87.76	+1.4	+1.3	+1.5	+7.5	+8.1	+16.7
Wyoming	402	1,161	36,678	91.24	+2.3	+2.9	+1.9	−2.7	−.5	+4.7

[1] For definitions of terms see the *Bulletin*, January 1948, pp. 24–26. Figures in italics represent program administered without Federal participation. Data exclude programs administered without Federal participation in Florida, Kentucky, and Nebraska, which administer such programs concurrently with programs under the Social Security Act. All data subject to revision.
[2] Under plans approved by the Social Security Administration.
[3] Decrease of less than 0.05 percent.
[4] Excludes cost of medical care, for which payments are made to recipients quarterly.
[5] Increase of less than 0.05 percent.
[6] Average payment not calculated on base of less than 50 families; percentage change, on less than 100 families.

mums will be reduced from approximately 80 percent to not more than 15 percent.

Because Kentucky increased its own expenditures per recipient and used all the additional Federal funds made available by the 1946 amendments to the Social Security Act to raise payments, the proposed percentage reduction in computing payments will leave average payments higher than they were 2 years ago.

Social and Economic Data

Social Security and Other Income Payments

Personal Income

Personal income, at an annual rate of $209.1 billion in April, was 10 percent above the total a year earlier (table 1). The rise in employees' income was responsible for about half the increase, with the other major segments except social insurance and related payments accounting for the remainder.

The sharpest relative gain was in miscellaneous income payments, which almost doubled in the 13-month period; the rise was attributable largely to increases in State bonus payments to veterans. The miscellaneous segment accounted for 1.3 percent of all personal income in April, as against 0.7 percent a year earlier. Social insurance and related payments remained below the 1947 level and made up 3.5 percent of the total as compared with 4.2 percent in April 1947. Though employees' income was running above the 1947 level, it also formed a smaller proportion of the total than in April of that year.

Proprietors' and rental income and personal interest income and dividends represented 25.7 and 7.7 percent of all personal income, slightly larger shares than in April 1947, while public aid payments remained unchanged in relation to the total, at 0.8 percent.

Social Insurance and Related Payments

April payments under the selected programs totaled $392.8 million—2 percent below the March amount and 5 percent less than a year earlier (table 2). The $10 million drop from March to April resulted almost entirely from declines in State and veterans' unemployment benefits.

The selected insurance programs included in table 2 accounted for about 65 percent of all social insurance and related payments in April, as estimated by the Department of Commerce; a year earlier they had constituted 63 percent of the total.

Monthly retirement, disability, and survivor benefits represented 63 percent of the benefits paid under the selected programs as against 55 percent in April 1947. Disbursements under these programs continue to move in a generally upward direction as a result of two factors—an increase in the number of beneficiaries and liberalized benefit provisions that have operated to increase average payments under certain programs.

Though State unemployment insurance benefits were at a slightly higher level than they were a year earlier, unemployment benefits as a whole represented only 32 percent of total expenditures as compared with 37 percent in April 1947. Declines of 40 percent in unemployment allowances to veterans and of 11 percent in payments to unemployed railroad workers more than balanced the rise in the State programs.

Veterans' self-employment allowances registered a March to April gain of nearly 4 percent but were 57 percent less than in April 1947.

Table 1.—*Personal income, by specified period, 1940–48*

[In billions; seasonally adjusted, at annual rates]

Year and month	Total	Employees' income [1]	Proprietors' and rental income	Personal interest income and dividends	Public aid [2]	Social insurance and related payments [3]	Miscellaneous income payments [4]
1940	$78.3	$47.6	$16.3	$9.4	$2.7	$1.7	$0.6
1941	95.3	60.0	20.8	9.9	2.4	1.6	.6
1942	122.2	80.2	28.1	9.7	1.7	1.8	.7
1943	149.4	104.0	32.1	10.0	1.0	1.6	.7
1944	164.9	116.0	34.4	10.7	1.0	1.8	1.0
1945	171.6	117.6	37.1	11.6	1.0	2.9	1.4
1946	177.2	112.5	41.8	13.3	1.2	7.2	1.2
1947	196.8	123.4	47.8	14.8	1.5	7.4	1.9
1947							
April	189.4	117.8	46.5	14.3	1.5	7.9	1.4
May	190.5	119.0	46.5	14.4	1.5	7.6	1.5
June	194.1	121.6	47.1	14.6	1.5	7.4	1.9
July	194.9	121.4	47.4	14.7	1.5	7.5	2.4
August	193.8	122.7	45.5	14.9	1.5	7.2	2.0
September	209.9	135.7	48.1	15.6	1.5	7.0	2.0
October	203.2	127.0	50.4	15.4	1.6	6.8	2.0
November	204.2	129.0	49.9	15.5	1.6	6.5	1.7
December	210.4	130.7	54.0	15.6	1.6	6.8	1.7
1948							
January	211.4	130.5	54.5	15.7	1.6	7.1	2.0
February	207.7	129.1	51.6	15.8	1.7	7.2	2.3
March	207.7	128.4	51.5	16.0	1.7	7.4	2.7
April	209.1	127.6	53.7	16.1	1.7	7.3	2.7

[1] Civilian and military pay in cash and in kind in the continental United States, pay of Federal civilian and military personnel stationed abroad, other labor income (except compensation for injuries), mustering-out pay, and terminal-leave pay. Military pay includes the Government's contribution to allowances for dependents of enlisted personnel. Civilian wages and salaries represent net earnings after employee contributions under social insurance and related programs have been deducted; data exclude work relief earnings.

[2] Payments to recipients under 3 special public assistance programs and general assistance. Includes payments for care of children in private foster homes; for 1940–43, includes work relief earnings of persons who were employed by WPA, NYA, and CCC, and value of food and cotton stamps; for 1940–1942, includes subsistence grants to farmers.

[3] Includes payments of old-age and survivors insurance, railroad retirement, Federal, State, and local retirement, veterans' pensions and compensation, workmen's compensation, State and railroad unemployment insurance and sickness compensation, and readjustment and subsistence allowances to veterans under the Servicemen's Readjustment Act.

[4] Includes veterahs' bonus (Federal and State), payments under the Government life insurance, national service life insurance, and military and naval insurance programs, the Government's contribution to nonprofit organizations, and business transfer payments.

Source: Department of Commerce, Office of Business Economics.

Table 2.—*Selected social insurance and related programs, by specified period, 1940–48*

[In thousands; data corrected to June 10, 1948]

Year and month	Total	Retirement, disability, and survivor programs: Monthly retirement and disability benefits [1]: Social Security Act [2]	Monthly retirement and disability benefits: Railroad Retirement Act [3]	Monthly retirement and disability benefits: Civil Service Commission [4]	Monthly retirement and disability benefits: Veterans Administration [5]	Survivor benefits: Monthly: Social Security Act [6]	Survivor benefits: Monthly: Railroad Retirement Act [7]	Survivor benefits: Monthly: Veterans Administration [8]	Survivor benefits: Lump-sum [9]: Social Security Act	Survivor benefits: Lump-sum: Other [10]	Sickness benefits [11]: State laws [12]	Sickness benefits: Railroad Unemployment Insurance Act [13]	Unemployment insurance programs: State unemployment insurance laws [12]	Unemployment insurance programs: Servicemen's Readjustment Act [14]	Unemployment insurance programs: Railroad Unemployment Insurance Act [13]	Readjustment allowances to self-employed veterans [15]
								Number of beneficiaries								
1947																
April	----------	1,023.7	188.6	110.5	2,356.1	747.9	28.2	878.8	19.9	10.7	26.5	----------	929.8	903.3	69.1	223.6
May	----------	1,045.3	191.9	111.6	2,355.6	759.9	32.1	886.8	19.2	9.8	26.9	----------	940.3	752.2	48.3	248.6
June	----------	1,063.6	194.1	112.6	2,354.3	768.7	37.1	896.8	16.0	11.3	25.8	----------	1,006.7	712.9	39.5	257.1
July	----------	1,081.6	197.8	114.3	2,351.6	773.7	42.3	907.3	15.6	10.9	25.3	4.5	953.6	751.3	31.1	212.1
August	----------	1,098.2	201.0	115.9	2,345.7	778.8	47.5	914.7	14.4	9.6	23.0	18.3	914.6	734.6	34.0	186.1
September	----------	1,115.2	203.4	117.6	2,340.6	788.1	51.9	919.4	15.4	10.1	22.2	24.7	779.4	615.1	37.6	142.3
October	----------	1,132.8	207.2	119.3	2,337.4	797.9	60.3	925.8	17.5	10.9	22.9	31.2	655.9	427.8	44.3	106.4
November	----------	1,147.6	209.9	120.6	2,335.5	805.1	69.8	929.9	13.8	9.2	19.8	26.1	593.4	397.1	33.7	68.0
December	----------	1,165.8	211.6	121.9	2,335.2	812.5	78.6	936.7	14.1	11.2	22.5	31.2	621.4	464.6	46.6	72.9
1948																
January	----------	1,187.3	212.9	122.5	2,331.8	820.8	84.4	941.0	15.5	8.0	22.2	34.5	800.5	590.9	54.2	59.9
February	----------	1,210.7	214.0	123.0	2,328.3	830.1	89.6	944.7	15.3	9.9	20.4	32.5	770.9	639.8	48.7	61.4
March	----------	1,237.2	215.3	123.3	2,324.5	843.1	92.1	949.0	22.3	10.8	23.5	35.5	934.9	646.1	54.2	102.0
April	----------	1,259.1	215.7	124.2	2,322.5	856.0	95.2	954.9	20.1	12.2	24.0	32.4	849.9	436.0	61.6	113.6
								Amount of benefits [16]								
1940	$1,188,702	$21,074	$114,166	$62,019	$317,851	$7,784	$1,448	$105,696	$11,736	$12,267	----------	----------	$518,700	----------	$15,961	----------
1941	1,085,488	55,141	119,912	64,933	320,561	25,454	1,559	111,799	13,328	13,943	----------	----------	344,321	----------	14,537	----------
1942	1,130,721	80,305	122,806	68,115	325,265	41,702	1,603	111,193	15,038	14,342	----------	----------	344,084	----------	6,268	----------
1943	921,463	97,257	125,795	72,961	331,350	57,763	1,704	116,133	17,830	17,255	$2,857	----------	79,643	----------	917	----------
1944	1,119,684	119,009	129,707	78,081	456,279	76,942	1,765	144,302	22,146	19,238	5,035	----------	62,385	$4,113	582	$102
1945	2,067,434	157,391	137,140	85,742	697,830	104,231	1,772	254,238	26,135	23,431	4,669	----------	445,866	114,955	2,359	11,675
1946	5,152,218	230,285	149,188	96,418	1,268,984	130,139	1,817	333,640	27,267	30,610	4,761	----------	1,095,475	1,491,294	39,917	252,424
1947	4,698,641	299,830	177,053	108,691	1,676,029	153,109	19,283	382,515	29,517	33,115	22,024	$11,368	776,164	772,368	39,401	198,174
1947																
April	415,448	22,238	13,241	8,984	140,691	11,532	840	31,805	3,026	2,967	2,176	----------	71,569	78,868	4,299	23,213
May	399,569	22,743	13,482	8,956	140,115	11,736	951	31,505	2,940	2,320	2,167	----------	72,295	63,763	3,107	23,489
June	392,179	23,173	13,632	8,896	134,942	11,898	1,075	32,137	2,437	3,085	2,072	----------	73,559	58,542	2,490	24,241
July	400,290	23,600	13,891	9,055	136,585	11,999	1,198	31,209	2,402	3,008	2,076	322	76,534	66,239	1,833	20,339
August	384,666	23,996	14,100	9,164	137,346	12,099	1,308	32,578	2,215	2,435	1,878	1,555	66,804	59,521	2,107	17,559
September	363,508	24,397	14,251	9,154	132,717	12,258	1,397	31,948	2,394	2,726	1,799	2,114	59,258	53,336	2,352	13,406
October	350,664	24,818	14,488	9,358	141,603	12,429	1,589	32,277	2,731	2,975	1,854	2,794	52,795	38,153	2,832	9,967
November	326,197	25,160	14,653	9,469	143,213	12,552	1,831	31,135	2,132	2,464	1,612	2,315	41,677	29,554	2,121	6,309
December	354,697	25,589	14,758	9,395	146,655	12,687	2,040	31,824	2,202	2,833	1,824	2,870	52,202	40,209	2,977	6,631
1948																
January	377,090	26,098	14,840	9,479	151,923	12,836	2,170	33,307	2,444	2,201	1,814	3,123	59,161	48,933	3,370	5,391
February	369,058	26,666	14,910	9,522	142,280	13,007	2,283	31,790	2,436	2,918	1,773	2,728	60,730	49,466	2,867	5,681
March	402,525	27,296	14,998	9,342	145,141	13,242	2,340	33,061	3,541	2,826	2,243	3,219	76,573	55,782	3,462	9,519
April	392,760	27,832	15,021	9,550	p144,766	13,474	2,411	p34,379	3,032	2,976	2,200	2,895	73,576	46,940	3,822	9,887

p Preliminary.

1 Old-age retirement benefits under all acts, disability retirement benefits under the Railroad Retirement and the Civil Service Retirement Acts, and disability payments to veterans.

2 Primary and wife's benefits and benefits to children of primary beneficiaries. Partly estimated.

3 Age and disability annuitants and pensioners in current-payment status at end of month, and amounts certified, minus cancellations, during year.

4 Retirement and disability benefits include survivor benefits under joint and survivor elections. Payments principally from civil-service retirement and disability fund but also from Canal Zone and Alaska Railroad retirement and disability funds administered by the Civil Service Commission. Monthly retirement payments include accrued annuities to date of death paid to survivors. Refunds to employees leaving the service are not included but are summarized in the February and August issues of the *Bulletin*.

5 Veterans' pensions and compensation.

6 Widow's, widow's current, parent's, and child's benefits. Partly estimated.

7 Annuities to widows under joint and survivor elections, 12-month death-benefit annuities to widows and next of kin, and, beginning February 1947, widow's, widow's current, parent's, and child's benefits in current-payment status.

8 Payments to widows, parents, and children of deceased veterans.

9 Number of decedents on whose account lump-sum payments were made, and amount certified for payment.

10 Payments under the Railroad Retirement Act and Federal civil-service and veterans' programs. Partly estimated. Annual data are shown separately for these 3 programs in the August *Bulletin* each year.

11 Compensation for temporary disability payable in Rhode Island beginning April 1943, in California beginning December 1946, and under the Railroad Unemployment Insurance Act beginning July 1947; includes maternity benefits in Rhode Island and under the Railroad Unemployment Insurance Act; excludes benefits under private plans in California.

12 Before January 1948, number represents average weekly number of beneficiaries; beginning January 1948, number represents number during week ended nearest 15th of month. Annual amounts adjusted for voided benefit checks; monthly amounts not adjusted. Beginning July 1947, State unemployment insurance data include reconversion unemployment benefits for seamen.

13 Number represents average number of persons receiving benefits in a 14-day registration period. Annual amounts adjusted for underpayments and recoveries of overpayments; monthly figures not adjusted.

14 Readjustment allowances to unemployed veterans only. Before January 1948, number represents average weekly number of continued claims during weeks ended in the month; beginning January 1948, number represents number of continued claims during week ended nearest 15th of month.

15 Number and amount of claims paid during month under the Servicemen's Readjustment Act.

16 Payments to individuals: annual and lump-sum payments (amounts certified, including retroactive payments) and monthly payments in current-payment status, under the Social Security and the Railroad Retirement Acts; amounts certified under the Railroad Unemployment Insurance Act; disbursements minus cancellations, under the Civil Service Commission and the Veterans Administration programs; checks issued by State agencies, under State unemployment insurance and State sickness compensation programs and under the Servicemen's Readjustment Act.

Source: Based on reports of administrative agencies.

Federal Grants to States, 1946-47

Federal grants to States, on a checks-issued basis, increased from $758 million in 1945–46 to $1,135 million in 1946–47.[1] This increase of $377 million, 50 percent of the total grants for the preceding year, continued the upward trend of the past, a trend broken only during periods of national emergency. The increase in the annual amount is not disproportionately large in view of the curtailments in many of the Federal aid programs during the war years. Federal aid in 1946–47 for social security and related purposes amounted to $860 million; $724 million of this amount came directly from programs administered by the Social Security Administration. Aid for education, for public roads, and for development and conservation of natural resources amounted to $32 million, $199 million, and $44 million, respectively; the total of $275 million for these programs was less than one-fourth of all Federal grants to States. Of the $860 million for social security and related purposes, $644 million was granted for public assistance (old-age assistance, aid to the blind, and aid to dependent children), $60 million for unemployment insurance administration, and $156 million for health and welfare services.

Public assistance grants increased by 53 percent over the amount in the preceding year. Heavier case loads, larger payments to individuals, and the increase in the Federal share of the payments contributed to this rise. The 1946 amendments to the public assistance titles of the Social Security Act helped the States to finance increases, necessary because of higher living costs, in both assistance payments and number of recipients. Under the amendments, the maximum payment in which the Federal Government participates was raised from $40 to $45 for aged and blind recipients. For aid to dependent children, the maximum amounts subject to Federal participation were raised from $18 for one child in a family and $12 for each additional child to $24 for the first child and $15 for each additional child. The Federal ratios for individual payments were also changed. For old-age assistance and aid to the blind, the Federal share was set at two-thirds of the first $15 of the average payment per aged or blind recipient and one-half of the balance of matchable expenditures. For aid to dependent children, the Federal share became two-thirds of the first $9 of the average payment per child, plus one-half the balance within the maximums set. Changes in State policy following the amendments resulted in marked increases in assistance payments.

Grants for education, amounting to $34 million in 1945–46, declined to $32 million in 1946–47. Although grants for this purpose have declined steadily since 1942–43, the 1946–47 grants exceeded the 1939–40 figure of $25 million by $7 million. The year-to-year decrease in the past 4 years may be attributed largely to the liquidation of the defense training program, which received relatively sizable grants during the war years. Public road grants increased from $75 million in 1945–46 to $199 million in 1946–47. This increase of 165 percent reflects accelerated activity in the postwar program of highway construction. Grants for development and conservation of natural resources were $44 million in 1946–47, an increase of 16 percent over those in the preceding year.

Federal grants to States averaged $7.97 per capita in 1946–47; for the preceding year, they were $5.63. The State per capita figures, as in prior years, showed wide variation. They ranged from $2.85 for Puerto Rico and $4.11 for the District of Columbia to $22.06 for Oklahoma and $34.85 for Nevada. Total grants for social security and related programs amounted to $6.04 per capita, ranging from a low of $2.44 for Puerto Rico to a high of $17.87 for Oklahoma. The average per capita grant for public assistance was $4.52, ranging from $1.13 for Virginia and $1.14 for Delaware to $12.00 for Colorado and $16.18 for Oklahoma.

In table 4 the States are ranked by average 1944–46 per capita income

[1] See the *Bulletin*, June 1947, pp 38–42.

Table 3.—*Cash income and outgo:*[1] *Total Federal and Social Security Administration programs, 1946, and by quarter, 1947*

[In millions]

Classification	1947					1948
	Total	January-March	April-June	July-September	October-December	January-March
Cash income	$46,867	$14,962	$11,429	$10,468	$10,008	$15,731
Social security	2,839	702	744	725	669	702
Federal insurance contributions	1,557	334	417	416	390	344
Federal unemployment taxes	185	142	17	14	12	164
Deposits in unemployment trust fund [2]	1,097	226	310	295	267	196
Other	44,028	14,260	10,685	9,743	9,339	15,029
Cash outgo	41,135	9,772	12,197	10,501	8,665	9,322
Social security [3]	2,105	497	552	570	486	541
Administrative expenses, Social Security Administration	41	9	10	11	11	10
Grants to States	798	167	209	215	208	202
Unemployment insurance administration	60	18	10	16	16	16
Old-age assistance	557	112	150	150	144	141
Aid to the blind	16	3	4	4	4	4
Aid to dependent children	133	24	35	39	35	34
Maternal and child welfare [4]	31	8	10	6	8	6
State withdrawals from unemployment trust fund	787	211	213	223	140	195
Old-age and survivors insurance benefit payments	466	107	116	118	124	131
Administrative expenses, Department of the Treasury [5]	13	4	3	3	3	3
Other	39,030	9,275	11,645	9,931	8,179	8,781

[1] Cash income and outgo represent flow of cash, exclusive of borrowed cash, into and out of the Treasury. Data include expenditures from trust funds, exclude transactions between Government agencies (i. e., transfers to trust accounts from general funds, investment of funds in special issues, repayment of sums borrowed) and other transactions, such as issuance or redemption of public-debt obligations other than redemptions of adjusted-service bonds.

[2] Deposits by States of contributions collected under State unemployment insurance laws.

[3] Federal expenditures administered chiefly by the Social Security Administration. Includes administrative expenses of the Bureau of the Census in connection with searching census records for old-age and survivors insurance; these expenses amounted to $232,750 for 1947 and $19,689 for January–March 1948.

[4] Maternal and child health services, services for crippled children, child welfare services, and emergency maternity and infant care.

[5] In connection with old-age and survivors insurance.

Source: Total Federal cash income and outgo from *Bulletin of the Treasury Department;* other data from *Daily Statement of the U. S. Treasury.*

Table 4.—*Federal grants to States in relation to income payments and State tax collections, and per capita Federal grants, by State, fiscal year 1946–47* [1]

States ranked by 1944–46 average per capita income	Total grants to States: Amount (in thousands)	Total grants to States: As percent of income payments [2]	Total grants to States: As percent of State tax collections [3]	Grants under programs administered by Social Security Administration: Amount (in thousands)	Grants under programs administered by Social Security Administration: As percent of income payments [2]	Grants under programs administered by Social Security Administration: As percent of State tax collections [3]	Grants under programs administered by Social Security Administration: As percent of total grants	Average per capita income 1944–46	Per capita grants: All grants	Per capita grants: Grants for social security and related programs: Total	Per capita grants: Grants for social security and related programs: Assistance payments and administration [4]	Per capita grants: Grants for social security and related programs: Employment security administration [5]	Per capita grants: Grants for social security and related programs: Health and welfare services [6]	Per capita grants: Education [7]	Per capita grants: Public roads	Per capita grants: Development and conservation of natural resources [8]
Total	$1,134,880			$724,153			63.8		$7.97	$6.04	$4.52	$0.42	$1.10	$0.23	$1.40	$0.31
Continental United States	1,124,550	0.66	16.4	721,314	0.43	10.5	64.1	$1,174	8.04	6.09	4.59	.43	1.07	.23	1.41	.31
High-income group	512,060	.48	12.8	366,110	.34	9.1	71.5		6.90	5.65	4.27	.58	.80	.18	.89	.18
New York	71,861	.31	8.8	53,822	.24	6.6	74.9	1,576	5.23	4.65	3.22	.66	.78	.15	.33	.09
California	96,972	.65	13.9	66,718	.45	9.5	68.8	1,530	10.15	7.74	6.13	.77	.84	.21	1.98	.22
Nevada	4,719	2.01	57.0	859	.37	10.4	18.2	1,530	34.85	7.71	4.44	1.02	2.25	1.20	24.40	1.54
New Jersey	18,152	.29	7.5	10,732	.17	4.4	59.1	1,477	4.22	3.09	1.73	.67	.68	.14	.87	.11
Connecticut	10,271	.36	11.2	5,904	.21	6.5	57.5	1,469	5.23	3.78	2.34	.50	.94	.22	1.07	.16
Delaware	2,416	.56	15.8	566	.13	3.7	23.4	1,463	8.43	3.31	1.14	.52	1.65	.81	3.67	.64
Washington	32,789	1.05	17.3	24,836	.80	13.1	75.7	1,429	14.55	11.90	10.15	.69	1.06	.28	1.79	.57
Illinois	55,640	.46	15.4	43,260	.36	12.0	77.8	1,423	6.93	6.27	4.82	.50	.95	.16	.37	.12
District of Columbia [9]	3,463	.20	6.2	1,791	.10	3.2	51.7	1,416	4.11	2.91	1.27	.45	1.20	.07	1.12	
Rhode Island	4,037	.40	9.5	3,080	.31	7.3	76.3	1,342	5.42	4.83	3.43	.49	.90	.24	.12	.23
Massachusetts	37,717	.60	17.0	31,075	.50	14.0	82.4	1,336	8.22	7.40	6.11	.56	.72	.14	.60	.08
Ohio	45,821	.47	12.7	35,251	.36	9.8	76.9	1,312	6.10	5.32	4.26	.37	.70	.16	.45	.16
Maryland	10,067	.37	12.8	5,653	.21	7.2	56.2	1,304	4.60	3.37	1.97	.44	.95	.23	.79	.22
Montana	7,310	1.09	31.4	3,583	.54	15.4	49.0	1,263	15.28	8.56	6.76	.48	1.32	.74	4.93	1.05
Michigan	42,891	.58	12.8	31,653	.43	9.4	73.8	1,246	7.07	6.00	4.57	.55	.88	.18	.66	.23
Oregon	14,594	.84	16.7	8,328	.48	9.5	57.1	1,225	10.05	6.55	4.98	.58	.99	.33	2.34	.82
Pennsylvania	53,340	.43	14.1	38,999	.31	10.3	73.1	1,219	5.32	4.36	3.30	.52	.54	.16	.66	.13
Middle-income group	231,322	.86	21.7	148,560	.55	13.9	64.2		9.83	7.21	5.89	.26	1.06	.29	1.90	.43
Wisconsin	21,297	.56	13.4	14,062	.37	8.8	66.0	1,158	6.72	5.19	4.11	.21	.88	.27	.87	.39
Indiana	25,703	.59	17.2	16,781	.38	11.2	65.3	1,150	6.82	5.20	4.09	.29	.82	.18	1.21	.24
Wyoming	5,339	1.59	42.1	1,525	.46	12.0	28.6	1,150	20.31	7.07	5.11	.50	1.46	.98	11.12	1.14
Colorado	18,841	1.37	28.4	14,193	1.03	21.4	75.3	1,141	16.56	13.32	12.00	.20	1.12	.44	2.35	.45
Idaho	7,856	1.34	28.2	3,896	.66	14.0	49.6	1,123	16.63	9.69	7.34	.55	1.80	.75	5.10	1.08
South Dakota	6,802	1.01	27.4	3,709	.55	15.0	54.5	1,122	12.42	7.70	6.41	.16	1.13	.54	3.23	.95
North Dakota	6,085	.98	22.6	2,976	.48	11.0	48.9	1,118	11.33	6.61	4.96	.18	1.48	.52	3.22	.98
Nebraska	12,789	.86	34.0	7,693	.52	20.4	60.2	1,102	10.02	6.82	5.72	.14	.95	.33	2.40	.48
Kansas	20,554	1.03	25.1	10,484	.53	12.8	51.0	1,079	11.04	6.42	5.21	.29	.93	.24	4.00	.39
Missouri	40,515	.93	29.0	31,261	.72	22.4	77.2	1,070	10.73	9.14	7.88	.30	.96	.21	1.05	.32
Utah	9,514	1.38	26.2	5,310	.77	14.6	55.8	1,063	14.94	9.59	7.48	.48	1.63	.54	4.30	.51
Maine	8,062	.88	22.9	4,985	.54	14.1	61.8	1,059	9.20	6.45	5.07	.36	1.01	.42	1.70	.63
Iowa	21,610	.72	18.6	13,891	.46	12.0	64.3	1,036	8.50	6.29	5.21	.14	.93	.25	1.57	.39
Florida	23,276	.98	17.3	16,217	.68	12.0	69.7	1,024	10.07	8.38	6.50	.25	1.62	.19	1.13	.38
Vermont	3,081	.80	18.2	1,576	.41	9.3	51.2	1,019	8.73	5.53	3.65	.46	1.42	.62	1.74	.84
Low-income group	381,167	1.06	21.3	206,644	.57	11.5	54.2		9.03	6.25	4.44	.26	1.55	.27	2.06	.46
Minnesota	25,901	.84	19.3	15,309	.50	11.4	59.1	1,003	9.18	6.31	5.07	.24	1.01	.22	2.21	.44
Arizona	10,508	1.68	25.9	4,373	.70	10.8	41.6	993	16.87	8.13	6.21	.43	1.49	.41	7.87	.47
New Hampshire	3,644	.67	16.7	2,340	.43	10.7	64.2	975	7.05	5.24	3.76	.44	1.05	.41	.88	.53
Texas	75,927	1.13	31.2	46,923	.70	19.3	61.8	959	10.91	7.83	6.37	.25	1.21	.25	2.53	.30
Virginia	12,630	.46	11.9	4,518	.16	4.3	35.8	956	4.23	2.53	1.13	.18	1.22	.22	1.11	.38
West Virginia	11,901	.72	14.3	6,153	.37	7.4	51.7	861	6.59	4.66	2.78	.36	1.52	.23	1.24	.45
New Mexico	7,581	1.54	7.8	3,507	.71	3.6	46.3	854	14.33	7.91	5.73	.32	1.85	.41	5.28	.73
Oklahoma	49,071	2.66	39.5	36,952	2.00	29.7	75.3	853	22.06	17.87	16.18	.26	1.43	.29	3.43	.47
Tennessee	22,967	.91	24.3	11,618	.46	12.3	50.6	835	7.66	5.24	3.46	.28	1.50	.26	1.74	.42
Louisiana	20,198	1.02	14.5	12,538	.63	9.0	62.1	810	8.02	6.37	4.36	.38	1.62	.21	1.02	.42
Georgia	27,920	1.09	24.9	13,209	.51	11.8	47.3	796	8.92	5.97	3.80	.24	1.93	.25	2.24	.47
North Carolina	22,852	.75	11.8	8,151	.27	4.2	35.7	755	6.28	3.88	1.85	.23	1.80	.25	1.69	.46
Kentucky	19,302	.89	20.5	9,578	.44	10.2	49.6	739	7.03	4.80	3.07	.19	1.54	.26	1.51	.46
Alabama	21,186	1.02	24.2	10,404	.50	11.9	49.1	729	7.55	5.26	3.19	.27	1.80	.29	1.48	.51
South Carolina	16,550	1.18	21.9	6,576	.47	8.7	39.7	690	8.67	5.33	2.94	.19	2.20	.34	2.34	.66
Arkansas	16,267	1.22	22.7	7,050	.53	9.8	43.3	653	8.63	5.20	3.22	.30	1.69	.37	2.42	.64
Mississippi	16,761	1.42	23.2	7,445	.63	10.3	44.4	557	7.98	5.27	3.08	.17	2.02	.32	1.71	.67
Territories and possessions	10,330			2,839			27.5		4.04	3.09	.54	.09	2.47	.24	.42	.29
Alaska	1,386			810			58.4		17.97	13.40	5.41	1.50	6.49	.65	3.00	.92
Hawaii	2,984			1,318			44.2		7.18	4.28	2.29	.28	1.70	.45	1.83	.63
Puerto Rico	5,820			661			11.4		2.85	2.44			2.44	.18	.04	.19
Virgin Islands	140			50			35.6		5.34	5.34			5.34			

[1] Grants data are from *Annual Report of the Secretary of the Treasury on the State of the Finances for Fiscal Year Ended June 30, 1947*, table 107, and other Treasury reports, and are on a checks-issued basis. Per capita grants are based on population estimated by the Bureau of the Census as of July 1, 1946, except for the Territories, for which July 1, 1945, estimates are the latest available.

[2] Based on 1946 income payments from the *Survey of Current Business*, August 1947.

[3] Based on data for fiscal year 1947 from *State Tax Collections in 1947*, the Bureau of the Census, except for the District of Columbia, for which 1946 data are the latest available.

[4] Old-age assistance, aid to dependent children, and aid to the blind under the Social Security Act.

[5] Unemployment insurance administration.

[6] Maternal and child health and welfare services, venereal disease and tuberculosis control, public health services, vocational rehabilitation, State and Territorial homes for disabled soldiers and sailors, emergency maternity and infant care, and the school lunch program.

[7] Education of the blind, colleges for agriculture and mechanic arts, marine schools, vocational education, and services for improving the supply and distribution of farm labor.

[8] Forestry, wildlife restoration, agricultural experiment stations, and agricultural extension work.

[9] Excludes annual lump-sum payments by the Federal Government to defray part of local expenses for use of the District as seat of Government.

and in addition are classified into three income groups. The 17 States (including the District of Columbia) whose average per capita income for the 3 years was greater than the national average comprise the high-income group. The low-income group includes the 17 States with the lowest average per capita income, and the remaining 15 States represent the middle-income group. Adequate data on income and tax collections are not available for the Territories and possessions.

Although exceptions may be noted for individual States, the middle-income States as a group received the largest average per capita grants for public assistance in 1946–47. The effect of these larger grants was reflected in the per capita amounts of the total grants figure, the middle, low, and high-income States receiving $9.83, $9.03, and $6.90, respectively, per capita. Federal grants finance in full the administration of State unemployment insurance laws, which cover only industrial and commercial workers. The high-income States, having the highest proportion of such employment, receive the largest per capita grants, on the average, for this purpose.

Per capita grants for health and welfare, for public roads, and for development and conservation of natu-

Table 5.—*Federal grants to States under the Social Security Act: Checks issued by the Treasury Department through March of fiscal years 1946–47 and 1947–48*

[In thousands]

State	Fiscal year 1946–47 through March, total	Fiscal year 1947–48 through March							
		Total	Old-age assistance	Aid to dependent children	Aid to the blind	Unemployment insurance administration	Maternal and child health services	Services for crippled children	Child welfare services
Total	$516,345.3	$623,242.8	$435,957.5	$108,103.5	$12,847.6	$48,764.7	$8,509.4	$5,985.4	$3,074.8
Alabama	7,597.3	9,827.8	6,620.3	1,869.5	129.0	566.3	296.7	239.9	106.0
Alaska	533.3	691.4	346.2	57.9	(1)	99.8	97.5	85.2	4.8
Arizona	3,169.1	3,989.0	2,699.0	720.8	167.7	219.9	73.3	68.2	40.1
Arkansas	4,976.6	7,992.9	5,314.8	1,751.6	201.4	379.1	133.0	168.0	45.0
California	50,221.1	55,035.0	42,381.0	3,741.3	1,568.5	6,848.9	171.5	215.5	108.4
Colorado	9,298.8	11,242.6	9,667.4	1,123.4	86.4	151.4	135.2	45.4	33.3
Connecticut	4,343.7	4,922.5	3,247.8	690.8	28.5	825.9	35.5	66.5	27.5
Delaware	423.0	531.1	184.7	109.6	25.5	119.5	48.3	18.1	25.4
District of Columbia	1,208.1	1,415.9	473.0	381.2	46.0	319.9	140.5	39.1	16.3
Florida	11,632.7	17,484.5	12,089.8	3,867.8	631.8	529.7	232.9	82.8	49.8
Georgia	8,782.3	11,440.0	8,518.9	1,531.8	284.2	532.6	311.7	179.9	80.9
Hawaii	742.6	1,104.2	367.4	388.3	14.7	95.8	92.8	119.1	26.2
Idaho	2,656.8	2,938.7	2,060.6	430.3	40.5	222.4	110.4	59.5	15.0
Illinois	31,563.4	37,360.4	26,978.9	6,118.7	1,082.6	2,818.5	139.3	191.1	31.3
Indiana	11,677.6	11,839.7	8,520.7	1,878.6	366.0	762.8	163.4	83.2	65.0
Iowa	9,363.9	11,322.8	9,437.1	1,047.0	262.3	286.8	56.4	117.7	115.5
Kansas	6,358.6	9,108.5	6,945.8	1,371.8	194.3	337.7	137.1	69.0	52.8
Kentucky	6,876.8	8,905.6	5,333.7	2,308.3	202.1	392.8	334.2	196.7	137.7
Louisiana	9,842.1	12,063.3	7,712.8	3,166.5	275.6	557.5	199.8	87.4	63.7
Maine	3,961.7	3,902.0	2,754.3	622.4	131.8	232.9	74.7	43.7	42.2
Maryland	4,462.5	5,185.8	2,120.8	1,753.2	91.4	800.1	212.9	148.7	58.7
Massachusetts	21,000.2	24,853.3	19,045.2	2,704.8	265.1	2,497.1	228.7	92.9	19.6
Michigan	23,326.3	29,478.8	20,390.6	5,687.8	308.4	2,614.0	221.4	193.6	62.9
Minnesota	12,406.3	14,651.0	11,533.4	1,869.3	266.9	628.1	143.0	101.2	109.1
Mississippi	4,803.6	6,139.0	4,139.0	924.4	287.9	212.9	284.6	187.7	102.4
Missouri	22,809.3	28,728.4	22,921.9	4,741.5	(2)	756.7	153.8	38.7	115.8
Montana	2,665.7	3,251.1	2,304.9	502.2	106.1	165.7	56.4	74.4	41.3
Nebraska	5,540.5	6,882.5	5,495.2	891.2	109.4	150.3	106.4	90.3	39.8
Nevada	635.1	732.3	493.0	(2)	(2)	131.7	33.1	47.6	21.9
New Hampshire	1,707.3	2,018.6	1,366.8	313.5	63.2	192.6	44.4	16.3	21.8
New Jersey	7,708.3	8,397.9	4,384.7	1,028.4	134.8	2,557.3	106.6	143.3	42.8
New Mexico	2,259.3	3,073.5	1,581.9	1,029.2	84.6	132.0	165.4	52.3	28.1
New York	37,230.2	45,644.6	23,914.0	12,333.4	871.2	8,016.6	265.1	159.4	84.9
North Carolina	5,895.4	8,764.6	5,063.2	1,725.6	762.3	732.6	170.4	204.3	106.1
North Dakota	2,158.0	2,443.2	1,784.0	444.7	28.8	54.9	24.9	68.4	37.5
Ohio	25,627.8	32,488.3	26,373.6	2,838.4	706.0	2,062.5	259.9	140.3	107.8
Oklahoma	24,222.5	28,306.0	21,106.7	5,879.2	585.4	367.2	117.3	165.7	84.3
Oregon	6,078.1	5,842.1	4,295.6	651.8	80.8	654.8	70.0	57.6	31.5
Pennsylvania	28,525.3	34,910.5	18,092.5	11,783.5	(2)	4,315.0	356.5	262.0	101.1
Puerto Rico	306.3	752.5	(2)	(2)	(2)	(2)	511.3	171.5	69.7
Rhode Island	2,046.8	2,928.4	1,718.8	668.3	30.1	372.1	41.7	78.1	19.4
South Carolina	4,370.7	5,272.8	3,342.4	917.7	149.4	244.7	301.3	236.8	80.5
South Dakota	2,482.7	2,608.0	1,993.7	412.4	34.7	52.2	46.4	48.5	20.1
Tennessee	8,489.9	11,519.1	6,328.1	3,718.1	313.9	672.3	314.4	107.9	64.5
Texas	34,436.4	38,186.8	31,873.0	3,334.0	1,023.9	1,047.1	502.9	232.8	173.2
Utah	3,720.8	3,557.2	2,434.6	672.3	30.1	225.7	87.9	69.2	37.4
Vermont	1,113.9	1,511.2	1,022.2	189.5	34.8	142.0	69.7	30.7	22.3
Virgin Islands	23.5	96.6	(2)	(2)	(2)	(2)	44.3	36.5	15.8
Virginia	3,312.3	4,021.9	1,879.7	1,110.7	162.8	385.3	196.4	209.3	77.7
Washington	14,962.3	17,775.9	14,262.5	1,859.9	142.4	1,266.3	122.6	75.3	46.8
West Virginia	4,644.7	6,491.5	2,873.9	2,630.9	131.2	474.0	208.9	108.8	63.8
Wisconsin	11,084.1	12,439.8	9,303.0	2,188.7	280.0	424.2	35.0	148.7	60.3
Wyoming	1,059.7	1,171.7	864.5	121.1	23.1	116.8	16.5	10.5	19.1

[1] Does not administer aid to the blind.
[2] No plan approved by the Social Security Administration.
Source: Compiled from data furnished by the Bureau of Accounts, Treasury Department.

Table 6.—*Social security trust fund investments and the interest-bearing public debt, January–March 1948*

Item	Investments as of Dec. 31, 1947: Amount (in millions)	Investments as of Dec. 31, 1947: Average interest rate (percent)	Investments as of Mar. 31, 1948: Amount (in millions)	Investments as of Mar. 31, 1948: Average interest rate (percent)	Net change during period January–March 1948 (in millions)
Total interest-bearing public debt	$254, 205	2. 144	$250, 634	2. 168	−$3, 571
Securities acquired by social security trust funds, total	17, 371		17, 720		+350
Old-age and survivors insurance trust fund	9, 268	2. 090	9, 530	2. 102	+262
Unemployment trust fund	8, 102	2. 051	8, 190	2. 053	+88
All other interest-bearing securities	236, 834		232, 914		−3, 921

Source: *Daily Statement of the U. S. Treasury.*

ral resources, on the other hand, exhibited a generally inverse relationship to per capita income. This relationship was even more pronounced in 1946-47 than in 1945-46. Funds for the school lunch program, amounting to $77 million in 1946-47, are allocated to the States on an equalization basis; that is, the sums vary directly with need, as measured by population served, and inversely with fiscal ability, measured by relative per capita income. A portion of the funds for maternal and child health and welfare services, totaling $20 million in 1946-47, are allocated to the States on the basis of factors that reflect relative size of population served, taking into consideration urban-rural distribution and relative financial resources of the States. The Public Health Service also employs per capita income as the best available measure of the financial need of the respective States, one of the criteria used in the allocation of grants-in-aid among the States for control of venereal and other com-

Table 7.—*Contributions and taxes under selected social insurance and related programs, by specified period, 1945–48*

[In thousands]

Period	Retirement, disability, and survivors insurance: Federal insurance contributions [1]	Retirement, disability, and survivors insurance: Federal civil-service contributions [2]	Retirement, disability, and survivors insurance: Taxes on carriers and their employees	Unemployment insurance: State unemployment contributions [3]	Unemployment insurance: Federal unemployment taxes [4]	Unemployment insurance: Railroad unemployment insurance contributions
Fiscal year:						
1945–46	$1, 238, 218	$528, 049	$282, 610	$1, 009, 091	$179, 930	$129, 126
1946–47	1, 459, 492	481, 448	380, 057	1, 001, 504	184, 823	141, 750
10 months ended:						
April 1946	962, 639	483, 126	212, 078	867, 360	167, 316	97, 670
April 1947	1, 111, 160	438, 624	255, 861	802, 458	171, 552	107, 782
April 1948	1, 223, 571	437, 979	421, 656	868, 900	193, 321	108, 460
1947						
April	69, 005	23, 936	2, 608	110, 021	3, 548	351
May	340, 382	19, 761	12, 185	191, 462	11, 924	1, 481
June	7, 950	23, 064	112, 011	7, 584	1, 347	32, 487
July	72, 390	16, 422	5, 997	117, 366	2, 054	104
August	329, 258	[5] 266, 514	13, 018	171, 248	9, 409	1, 776
September	13, 861	18, 951	116, 289	6, 225	2, 790	29, 115
October	65, 592	20, 267	4, 214	107, 752	561	3, 667
November	310, 496	18, 786	8, 573	152, 680	9, 822	1, 309
December	14, 078	20, 142	126, 245	7, 479	1, 498	34, 767
1948						
January	35, 496	20, 084	2, 539	77, 515	12, 906	33
February	277, 662	18, 579	6, 499	109, 583	138, 448	1, 212
March	30, 415	18, 978	132, 618	6, 864	12, 912	36, 401
April	74, 324	19, 256	5, 663	112, 188	2, 921	76

[1] Represents contributions of employees and employers in employments covered by old-age and survivors insurance.
[2] Represents employee and Government contributions to the civil-service, Canal Zone, and Alaska Railroad retirement and disability funds; in recent years Government contributions are made in 1 month for the entire fiscal year.
[3] Represents deposits in State clearing accounts of contributions plus penalties and interest collected from employers and through April 1946, contributions from employees in 4 States; employee contributions beginning May 21, 1946, in California and beginning July 1, 1946, in Rhode Island, are deposited in the respective State sickness insurance funds. Data reported by State agencies; corrected to June 8, 1948.
[4] Represents taxes paid by employers under the Federal Unemployment Tax Act.
[5] Represents August contributions of $19.6 million from employees and contributions for fiscal year 1947–48 of $245.4 million from the Federal Government and $1.5 million from the District of Columbia for certain District Government employees.

Source: *Daily Statement of the U. S. Treasury*, unless otherwise noted.

Table 8.—*Federal appropriations and expenditures under Social Security Administration programs by specified period, 1946–48*

[In thousands]

Item	Fiscal year 1946–47: Appropriations [1]	Fiscal year 1946–47: Expenditures through April 1947 [2]	Fiscal year 1947–48: Appropriations [1]	Fiscal year 1947–48: Expenditures through April 1948 [2]
Total	$1,180,088	$929, 177	$1, 404, 288	$1, 173, 107
Administrative expenses	38, 733	41, 802	42, 476	44, 972
Federal Security Agency, Social Security Administration [3]	38, 583	31, 980	42, 376	34, 730
Department of Commerce, Bureau of the Census	150	223	100	74
Department of the Treasury [4]	([5])	9, 599	([5])	10, 168
Grants to States	715, 773	539, 439	816, 612	708, 586
Unemployment insurance administration	58, 109	49, 032	65, 612	64, 308
Old-age assistance	619, 000 (total for old-age assistance, aid to the blind, and aid to dependent children)	373, 278	726, 000 (total for old-age assistance, aid to the blind, and aid to dependent children)	487, 258
Aid to the blind		10, 914		14, 325
Aid to dependent children		80, 127		121, 231
Maternal and child health services	[6] 11, 000	7, 994	11, 000	9, 387
Services for crippled children	[6] 7, 500	6, 117	7, 500	6, 719
Child welfare services	[6] 3, 500	2, 001	3, 500	3, 337
Emergency maternity and infant care	16, 664	9, 975	3, 000	2. 021
Benefit payments, old-age and survivors insurance	[7] 425, 582	[7] 347, 936	[8] 543, 000	[7] 419, 550
Reconversion unemployment benefits for seamen			2, 200	([9])

[1] Excludes unexpended balance of appropriations for preceding fiscal year.
[2] Includes expenditures from unexpended balance of appropriations for preceding fiscal year.
[3] Appropriations and expenditures for salaries and allotments, and expenditures for printing and binding, penalty mail, and traveling expenses.
[4] Amounts expended by Treasury in administering title II of the Social Security Act and the Federal Insurance Contributions Act, reimbursed from old-age and survivors insurance trust fund to general fund of Treasury.
[5] Not available because not separated from appropriations for other purposes.
[6] Maximum grants authorized by Social Security Act Amendments of 1946; actual appropriations were $12,705,000, $8,467,500, and $4,127,500.
[7] Actual payments from old-age and survivors insurance trust fund.
[8] Estimated expenditures as shown in 1947–48 budget.
[9] Not available.

Source: Federal appropriation acts and 1947–48 budget (appropriations); *Daily Statement of the U. S. Treasury* and reports from administrative agencies (expenditures).

municable diseases and other public health functions. Since funds for programs using per capita income as a measure of financial need represent a major portion of total grants for health and welfare services, this method of distribution has a discernible effect on the grants per capita figures.

Marked variation may be noted in the per capita figures for the Territories and possessions. All these jurisdictions are not included in each of the major programs. Puerto Rico and the Virgin Islands do not receive assistance and unemployment administration grants; in addition, the Virgin Islands receive no grants for education, public roads, or development and conservation of natural resources. When grants are made for a specific function, the allocation formula is usually set aside and the amount of the grants is determined by agreement or administrative decision.

Federal grants for the continental United States averaged 0.66 percent of total income payments in 1946–47. Although the ratio was larger than the 1945–46 figure of 0.49 percent, it

Table 9.—*Federal insurance contributions and Federal unemployment taxes, by internal revenue collection district, January–March 1948 and fiscal years 1946–47 and 1947–48 through March* [1]

[In thousands]

Internal revenue collection district in—	Fiscal year 1946–47 through March			January–March 1948			Fiscal year 1947–48 through March		
	Total	Insurance contributions [2]	Unemployment taxes [3]	Total	Insurance contributions [2]	Unemployment taxes [3]	Total	Insurance contributions [2]	Unemployment taxes [3]
Total	$1, 210, 161. 9	$1, 042, 156. 5	$168, 005. 4	$507, 726. 5	$343, 459. 8	$164, 266. 6	$1, 339, 532. 0	$1, 149, 130. 1	$190, 401. 9
Alabama	11, 517. 7	9, 893. 8	1, 623. 9	5, 458. 8	3, 736. 3	1, 722. 6	13, 433. 9	11, 525. 8	1, 908. 1
Arizona	2, 660. 8	2, 332. 6	328. 2	1, 241. 5	955. 7	285. 7	3, 048. 5	2, 754. 3	294. 2
Arkansas	4, 210. 0	3, 659. 7	550. 3	1, 995. 5	1, 400. 2	595. 3	4, 803. 0	4, 165. 7	637. 2
California (2 districts)	81, 770. 3	69, 323. 8	12, 446. 5	36, 445. 9	24, 347. 1	12, 098. 8	97, 849. 8	84, 401. 6	13, 448. 2
Colorado	7, 449. 6	6, 463. 3	986. 3	3, 427. 2	2, 446. 3	980. 9	8, 600. 0	7, 483. 0	1, 117. 0
Connecticut	23, 195. 3	19, 751. 9	3, 443. 4	9, 783. 9	6, 237. 7	3, 546. 2	25, 349. 5	21, 449. 5	3, 900. 0
Delaware	7, 501. 2	6, 690. 1	811. 1	2, 356. 2	1, 652. 1	704. 0	7, 690. 1	6, 780. 3	909. 9
Florida	11, 805. 4	10, 265. 6	1, 539. 9	5, 565. 7	3, 936. 9	1, 628. 8	13, 231. 4	11, 488. 1	1, 743. 3
Georgia	15, 299. 4	13, 248. 1	2, 051. 3	6, 544. 0	4, 593. 2	1, 960. 8	16, 498. 1	14, 238. 9	2, 259. 1
Hawaii	2, 818. 3	2, 423. 1	395. 3	1, 337. 7	881. 6	456. 0	3, 300. 5	2, 814. 7	485. 8
Idaho	2, 505. 7	2, 180. 6	325. 1	1, 165. 6	793. 6	372. 0	2, 975. 0	2, 596. 4	378. 6
Illinois (2 districts)	116, 908. 8	101, 608. 4	15, 300. 4	44, 332. 9	30, 415. 4	13, 917. 5	120, 391. 0	103, 183. 5	17, 207. 6
Indiana	23, 164. 7	19, 869. 4	3, 295. 4	10, 458. 5	6, 861. 8	3, 596. 6	26, 398. 1	22, 573. 5	3, 824. 6
Iowa	10, 725. 0	9, 376. 4	1, 348. 6	4, 826. 9	3, 359. 3	1, 467. 6	12, 278. 0	10, 643. 7	1, 634. 3
Kansas	6, 465. 1	5, 603. 4	861. 7	2, 910. 4	2, 048. 3	862. 0	7, 345. 7	6, 399. 7	946. 0
Kentucky	9, 555. 0	8, 125. 4	1, 429. 6	4, 821. 4	3, 117. 1	1, 704. 3	11, 288. 9	9, 502. 4	1, 786. 5
Louisiana	10, 390. 0	8, 932. 8	1, 457. 2	4, 656. 9	3, 244. 0	1, 412. 9	11, 496. 0	9, 982. 2	1, 513. 8
Maine	5, 048. 8	4, 355. 1	693. 7	2, 254. 8	1, 558. 7	696. 1	5, 485. 4	4, 739. 7	745. 7
Maryland (including District of Columbia)	20, 886. 6	17, 843. 9	3, 042. 8	9, 208. 9	6, 034. 5	3, 174. 4	22, 993. 3	19, 562. 0	3, 431. 4
Massachusetts	50, 229. 2	42, 649. 4	7, 579. 8	20, 993. 8	13, 714. 6	7, 279. 2	53, 469. 8	45, 319. 5	8, 150. 3
Michigan	75, 257. 0	64, 789. 7	10, 467. 2	30, 458. 8	21, 073. 7	9, 385. 1	83, 947. 3	72, 154. 2	11, 793. 1
Minnesota	18, 447. 7	15, 900. 8	2, 546. 9	8, 390. 3	5, 695. 6	2, 694. 7	21, 212. 6	18, 259. 3	2, 953. 4
Mississippi	4, 033. 9	3, 546. 0	487. 9	1, 700. 7	1, 188. 5	512. 2	4, 325. 3	3, 797. 7	527. 6
Missouri (2 districts)	31, 601. 7	27, 230. 9	4, 370. 8	14, 099. 6	9, 714. 1	4, 385. 5	35, 668. 8	30, 686. 4	4, 982. 4
Montana	1, 952. 6	1, 733. 1	219. 4	892. 7	646. 7	246. 1	2, 334. 4	2, 065. 4	269. 1
Nebraska	5, 783. 6	5, 070. 8	712. 8	2, 589. 0	1, 847. 5	741. 5	6, 633. 9	5, 776. 2	857. 7
Nevada	1, 106. 1	976. 1	130. 0	441. 6	309. 3	132. 3	1, 183. 9	1. 044. 6	139. 3
New Hampshire	3, 707. 5	3, 153. 2	554. 3	1, 744. 4	1, 185. 4	559. 0	4, 199. 4	3, 615. 0	584. 4
New Jersey (2 districts)	41, 544. 7	35, 375. 7	6, 168. 9	16, 789. 9	10, 951. 1	5, 838. 8	44, 783. 9	38, 064. 4	6, 719. 5
New Mexico	1, 663. 4	1, 474. 0	189. 3	784. 7	554. 1	230. 6	1, 969. 6	1, 718. 8	250. 8
New York (6 districts)	236, 925. 7	205, 439. 2	31, 486. 4	91, 910. 6	62, 434. 8	29, 475. 8	254, 794. 8	218, 500. 1	36, 294. 7
North Carolina	17, 527. 5	14, 948. 7	2, 578. 8	8, 350. 1	5, 709. 3	2, 640. 8	19, 652. 2	16, 809. 3	2, 842. 9
North Dakota	1, 123. 1	1, 018. 1	105. 0	560. 5	431. 8	128. 7	1, 386. 2	1, 251. 6	134. 6
Ohio (4 districts)	81, 464. 0	70, 426. 6	11, 037. 4	33, 584. 8	22, 314. 6	11. 270. 2	90, 767. 4	77, 534. 8	13, 232. 7
Oklahoma	10, 008. 0	8, 651. 4	1, 356. 7	4, 341. 1	2, 972. 5	1, 368. 6	11, 399. 9	9, 837. 4	1, 562. 4
Oregon	10, 448. 3	8, 969. 0	1, 479. 3	4, 530. 9	2, 941. 8	1, 589. 1	11, 891. 8	10, 215. 9	1, 675. 9
Pennsylvania (3 districts)	108, 619. 5	93, 017. 0	15, 602. 6	45, 201. 3	30, 695. 0	14, 506. 3	121, 473. 9	103, 942. 3	17, 531. 7
Rhode Island	8, 136. 8	6, 920. 5	1, 216. 3	3, 751. 7	2, 362. 4	1, 389. 4	8, 872. 2	7, 429. 7	1, 442. 5
South Carolina	7, 155. 3	6, 139. 4	1, 015. 8	3, 570. 2	2, 416. 7	1, 153. 5	8, 434. 4	7, 202. 9	1, 231. 5
South Dakota	1, 322. 0	1, 187. 7	134. 3	647. 3	486. 4	160. 9	1, 621. 7	1, 455. 0	166. 6
Tennessee	13, 515. 1	11, 561. 5	1, 953. 6	6, 122. 7	4, 079. 3	2, 043. 4	14, 665. 0	12, 521. 2	2, 143. 8
Texas (2 districts)	33, 445. 2	28, 770. 3	4, 674. 8	15, 276. 8	10, 351. 6	4, 925. 2	38, 025. 1	32, 696. 4	5, 328. 7
Utah	3, 008. 4	2, 586. 9	421. 4	1, 468. 1	970. 3	497. 8	3, 699. 4	3, 176. 2	523. 3
Vermont	1, 953. 8	1, 695. 2	258. 6	873. 3	610. 5	262. 8	2, 150. 4	1, 870. 0	280. 4
Virginia	13, 968. 3	12, 022. 1	1, 946. 2	6, 619. 0	4, 665. 0	1, 954. 0	16, 115. 0	13, 923. 5	2, 191. 5
Washington (including Alaska)	17, 255. 7	14, 971. 3	2, 284. 4	7, 047. 6	4, 752. 0	2, 295. 5	19, 037. 1	16, 538. 1	2, 499. 0
West Virginia	9, 469. 2	8, 048. 5	1, 420. 7	4, 530. 0	2, 930. 3	1, 599. 7	11, 330. 0	9, 637. 4	1, 692. 6
Wisconsin	24, 610. 0	21, 052. 7	3, 557. 2	11, 213. 3	7, 504. 9	3, 708. 3	28, 856. 7	24, 753. 4	4, 103. 3
Wyoming	1, 001. 0	883. 0	118. 0	439. 3	330. 2	109. 1	1, 173. 5	1, 048. 4	125. 1

[1] Data are based on warrants covered by the Division of Bookkeeping and Warrants of the Treasury Department and therefore differ slightly from tax receipts in tables 3 and 7, which are based on the *Daily Statement of the U. S. Treasury*. Amounts listed in this table represent collections made in internal revenue collection districts in the respective States and covered into the Treasury. The amount received by a particular district does not necessarily represent taxes paid with respect to employment within the State in which that district is located.

[2] Tax effective Jan. 1, 1937, payable by employers and employees.

[3] Tax effective Jan. 1, 1936, payable by employers only. Amounts collected under State unemployment insurance laws and deposited in State unemployment funds not included.

Source: Treasury Department, Bureau of Accounts.

Table 10.—*Status of the unemployment trust fund, by specified period, 1936–48*

[In thousands]

Period	Total assets at end of period	Net total of U. S. Government securities acquired [1]	Unexpended balance at end of period	State accounts				Railroad unemployment insurance account			
				Deposits	Interest credited	Withdrawals [2]	Balance at end of period	Deposits	Interest credited	Benefit payments	Balance at end of period [2 3]
Cumulative, January 1936–April 1948	$8, 174, 535	$8, 140, 424	$34, 110	$11, 351, 455	$805, 450	[4] $4, 908, 165	$7, 248, 796	$843, 876	$72, 126	$163, 882	$925, 741
Fiscal year:											
1945-46	7, 449, 120	101, 827	40, 120	1, 009, 909	130, 373	1, 128, 720	6, 690, 672	116, 214	13, 220	17, 197	758, 448
1946-47	7, 869. 044	443, 000	17, 044	1, 005, 273	131, 419	817, 817	7, 009, 547	127, 576	15, 469	51, 657	859, 498
10 months ended:											
April 1946	7, 352, 437	−8, 990	54, 253	801, 214	69, 557	928, 373	6, 621, 507	87, 903	6, 847	9, 984	730, 930
April 1947	7, 650, 124	220, 000	21, 124	738, 301	68, 591	675, 490	6, 822, 075	97, 005	7, 942	44, 938	828, 049
April 1948	8, 174, 535	288, 424	34, 110	795, 928	76, 176	632, 856	7, 248, 796	97, 614	9, 388	50, 410	925, 741
1947											
April	7, 650, 124	−25, 000	21, 124	42, 575	212	71, 141	6, 822, 075	317	25	5, 353	828, 049
May	7, 831, 181	175, 000	27, 181	249, 282	-----	65, 811	7, 005, 546	1, 332	-----	3, 803	825, 635
June	7, 869, 044	48, 000	17, 044	17, 690	62, 827	76, 516	7, 009, 547	29, 239	7, 528	2, 904	859, 498
July	7, 823, 505	−55, 000	26, 505	39, 070	22	91, 897	6, 956, 742	94	3	2, 481	866, 764
August	7, 993, 421	167, 000	29, 421	243, 149	-----	71, 187	7, 128, 704	1, 623	-----	3, 670	864, 717
September	7, 971, 852	−10, 000	17, 852	12, 785	3, 448	59, 598	7, 085, 339	26, 179	413	4, 795	886, 514
October	7, 953, 852	−15, 000	14, 852	37, 897	174	53, 708	7, 069, 702	3, 301	21	5, 685	884, 150
November	8, 121, 991	159, 326	23, 665	212, 268	-----	40, 966	7, 241, 004	1, 178	-----	4, 341	880, 987
December	8, 124, 162	4, 161	21, 675	16, 363	4, 780	45, 248	7, 216, 899	31, 290	586	5, 600	907, 263
1948											
January	8, 158, 110	30, 000	25, 622	27, 678	63, 903	59, 653	7, 248, 827	30	7, 889	5, 898	909, 284
February	8, 248, 926	93, 000	23, 439	154, 039	-----	58, 918	7, 343, 948	1, 091	-----	5, 395	904, 980
March	8, 216, 724	−35, 063	26, 299	13, 973	3, 601	76, 427	7, 285, 095	32, 761	445	6, 555	931, 631
April	8, 174, 535	−50, 000	34, 110	38, 707	248	75, 254	7, 248, 796	68	31	5, 989	925, 741

[1] Includes accrued interest; minus figures represent net total of securities redeemed.

[2] Includes transfers from State accounts to railroad unemployment insurance account amounting to $107,161,000.

Source: *Daily Statement of the U. S. Treasury.*

[3] Includes transfers from railroad unemployment insurance administration fund amounting to $66,514,000.

[4] Includes withdrawals of $15,200,000 for disability insurance benefits.

Table 11.—*Status of the old-age and survivors insurance trust fund, by specified period, 1937–48*

[In thousands]

Period	Receipts		Expenditures		Assets			
	Transfers and appropriations to trust fund [1]	Interest received	Benefit payments	Administrative expenses	Net total of U. S. Government securities acquired [2]	Cash with disbursing officer at end of period	Credit of fund account at end of period	Total assets at end of period
Cumulative, January 1937–April 1948	$10, 943, 653	$932, 311	$1, 949, 128	$269, 935	$9, 505, 966	$79, 184	$71, 751	$9, 656, 901
Fiscal year:								
1945-46	1, 238, 218	147, 766	320, 510	37, 427	1, 002, 453	49, 167	43, 527	7, 641, 428
1946-47	1, 459, 867	163, 466	425, 582	40, 788	1, 193, 600	48, 751	7, 305	8, 798, 390
10 months ended:								
April 1946	962, 722	41, 351	258, 443	29, 722	673, 143	47, 925	61, 857	7, 329, 206
April 1947	1, 111, 160	63, 446	347, 936	33, 871	770, 000	46, 880	68, 612	8, 434, 226
April 1948	1, 224, 271	92, 567	419, 550	38, 777	763, 632	79, 184	71, 751	9, 656, 901
1947								
April	69, 005	-----	38, 817	3, 767	-----	46, 880	68, 612	8, 434, 226
May	340, 382	-----	38, 651	3, 327	-----	53, 322	360, 574	8, 732, 630
June	8, 325	100, 020	38, 995	3, 590	423, 600	48, 751	7, 305	8, 798, 390
July	72, 390	64	39, 314	3, 854	−42, 000	54, 930	72, 412	8, 827, 676
August	329, 958	-----	39, 206	3, 361	-----	55, 927	358, 806	9, 115, 066
September	13, 861	9, 242	39, 874	3, 550	300, 000	66, 736	27, 676	9, 094, 746
October	65, 592	-----	41, 662	4, 470	-----	65, 150	48, 722	9, 114, 206
November	310, 496	-----	40, 933	3, 492	134, 043	163, 344	82, 556	9, 380, 278
December	14, 078	11, 954	41, 865	4, 301	134, 103	73, 754	17, 909	9, 360, 144
1948								
January	35, 496	60, 775	37, 747	3, 714	-----	78, 257	68, 217	9, 414, 954
February	277, 662	-----	47, 418	3, 732	156, 645	163, 443	52, 898	9, 641, 466
March	30, 415	10, 006	45, 464	4, 397	104, 740	91, 169	10, 991	9, 632, 025
April	74, 324	527	46, 068	3, 908	−23, 899	79, 184	71, 751	9, 656, 901

[1] Beginning July 1940, trust fund appropriations equal taxes collected under the Federal Insurance Contributions Act; the Second Deficiency Appropriation Act, 1947, made available an additional $375,000 for salaries of the Bureau of Old-Age and Survivors Insurance, and the Labor-Federal Security Appropriation Act, 1948, appropriated from the general fund of the Treasury $700,000 to meet the additional administrative costs of benefits payable to survivors of certain World War II veterans as defined in title II of the Social Security Act Amendments of 1946.

[2] Includes accrued interest; minus figures represent net total of securities redeemed.

Source: *Daily Statement of the U. S. Treasury.*

is still very low. As in the preceding year, grants to individual States bore an inverse relationship to income payments, being 0.48, 0.86, and 1.06 percent of income for the high, middle, and low-income States, respectively.

Tax collections, from which States finance their share of the cost of federally aided functions, also represented a larger percentage of income payments in the low-income States. For the high-income group, they were 3.8 percent; for the middle-income group, 3.9 percent; and for the low-income group, 5.0 percent. Thirteen of the 17 low-income States, seven of the 15 middle-income States, and five of the 17 high-income States exerted above-average tax effort. In spite of the lesser tax effort of the high-income States, however, they collected more dollars per capita than the national average, whereas the greater tax effort of low-income States resulted in considerably fewer dollars per capita.

Grants to States in 1946–47 amounted to 16.4 percent of State tax collections. While grants were 12.8, 21.7, and 21.3 percent of State tax collections for the high, middle, and low-income groups, respectively, they amounted to $6.90, $9.83, and $9.03 per capita for the three income groups. Federal aid to low-income States in 1946–47, therefore, did not seem to bear a consistent relationship to their greater tax effort.

Grants under Social Security Administration programs for public assistance, unemployment insurance administration, and maternal and child health and welfare services comprised 64 percent of all Federal grants. While social security grants represented 72 percent of total grants for the high-income States and 64 percent for the middle-income States, these grants represented only 54 percent of total grants for the low-income States.

Because of the importance of social security grants in areas of greatest economic need, these percentages are particularly significant, especially in view of the increase in Federal grants to States as expanded health and welfare programs develop. Equity and economy would seem to indicate the desirability of a closer relationship between the amount of Federal aid and the States' need for the functions and their ability to finance their own share of the cost of the aided programs.

*Recent Publications in the Field of Social Security**

General

"The American Family." *American Journal of Sociology,* Chicago, Vol. 53, May 1948, entire issue. $1.25.

Contains 17 articles, including The Family in a Changing Society, by Ernest W. Burgess; What Families Do for the Nation, by Lawrence K. Frank; and Education, Income, and Family Unity, by William F. Ogburn.

AUSTRALIA. BUREAU OF CENSUS AND STATISTICS. *Labour Report No. 35—1945 and 1946.* Canberra: L. F. Johnston, Govt. Printer, Sept. 1947. 200 pp. 3s. 6d.

BEHRENDT, RICHARD F. *Inter-American Economic Relations; Problems and Prospects.* New York: Committee on International Economic Policy, 1948. 98 pp.

The fourteenth of a series prepared for the Advisory Committee on Economics to the Committee on International Economic Policy.

BROWNING, GRACE. "Public Administration and Human Welfare." *Social Service Review,* Chicago, Vol. 22, Mar. 1948, pp. 10–19. $1.75.

Describes the growth of welfare services in government.

BRUNO, FRANK J. *Trends in Social Work as Reflected in the Proceedings of the National Conference of Social Work, 1874–1946.* New York: Columbia University Press, 1948. 387 pp. $4.50.

Traces the growth of professional social work, with chapters on Protection of Children, The Children's Bureau, Child Labor, The Juvenile Court, Mothers' Pensions, Public Relief Becomes Public Welfare, Social Insurance, Unemployment—1921–33, and Social Security.

COHEN, WILBUR J. "The Second Inter-American Conference on Social Security." *Bulletin of the Pan American Union,* Washington, Vol. 82, May 1948, pp. 241–246. 15 cents.

COPELAND, MORRIS A. *Concerning a New Federal Financial Statement.* New York: National Bureau of Economic Research, Inc. (Technical Paper 5.) Dec. 1947. 63 pp. $1.

Traces the impact of fiscal operations on business conditions.

EOLIS, MIRIAM I. R. "Tax Problems of Pensioners." *New York Certified Public Accountant,* New York, Vol. 18, Apr. 1948, pp. 294–302. 35 cents.

HARRIS, SEYMOUR E. *The National Debt and the New Economics.* New York: McGraw-Hill Book Company, Inc., 1947. 286 pp. $3.50.

Discusses the historical background, the present status, and the future of the national debt. Shows how the debt affects prices, employment, interest rates, etc.

INTERNATIONAL LABOR OFFICE. *Cost-of-Living Statistics.* Geneva: The Office, 1948. (Studies and Reports, New Series, No. 7, pt. 2.) 56 pp. 35 cents.

Contains resolutions on establishing international standards for the compilation and publication of statistics on the cost of living.

INTERNATIONAL LABOR OFFICE. *Vocational Guidance.* Fifth Item on the Agenda. International Labor Conference, Thirty-first Session, San Francisco, 1948. (Report V (2).) Geneva: The Office, 1948. 100 pp.

A survey of Government replies to queries on the subject of vocational guidance and the conclusions drawn from them.

"The International Social Security Association." *International Labour Review,* Geneva, Vol. 57, Mar. 1948. pp. 205–217. 50 cents.

Report on the proceedings of the Eighth General Meeting, which adopted resolutions embodying basic principles for the development of income security schemes and medical care services.

LOBET, E. "Vocational Guidance in Belgium." *International Labour Review,* Geneva, Vol. 57, Mar. 1948,

*The inclusion of prices of publications in this list is intended as a service to the reader, but orders must be directed to publishers or booksellers and not to the Social Security Administration or the Federal Security Agency. Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

pp. 187–204. 50 cents.

Describes the origin and development of vocational guidance in Belgium and outlines the outstanding features of the program as it is now operating.

McMillen, Wayne. "The Current Economic and Social Situation—Its Implications for Social Work." *Social Service Review*, Chicago, Vol. 22, Mar. 1948, pp. 1–9. $1.75.

New York (State). Department of Labor. Division of Industrial Relations, Women in Industry and Minimum Wage. *Studies of Living Costs in Large and Small Communities.* New York: The Department, Feb. 1947. 69 pp. Processed.

Examines studies that bring out the differences in living costs between large and small communities.

Okey, Ruth. *Food for Four Income Levels; Prices for San Francisco, September 1947.* Berkeley, Calif.: The Heller Committee for Research in Social Economics, University of California, 1947. 43 pp. 75 cents.

Quattlebaum, Charles A. *Federal Aid to Elementary and Secondary Education.* Washington: U. S. Library of Congress, Legislative Reference Service, Feb. 1948. 191 pp. (Public Affairs Bulletin No. 61.) Processed.

"An analytic study of the issue, its background, and relevant legislative proposals, with a compilation of arguments pro and con, statistical data, and digests of pertinent reports and surveys."

Tiffin, Joseph. *Industrial Psychology.* New York: Prentice-Hall, Inc., 1947. 553 pp. and charts. 2d ed. $5.35.

Discusses interview and related employment methods, wages, and job evaluation, as well as merit rating, employee training, various types of tests, and so on.

U. S. Committee on Foreign Relations. Senate. *European Recovery Program.* (S. Rept. 935, 80th Cong., 2d sess.) Washington: U. S. Govt. Print. Off., 1948. 69 pp.

U. S. President. *Social Security System.* Washington: U. S. Govt. Print. Off., 1948. 5 pp. (H. Doc. 676, 80th Cong., 2d sess.)

Recommends expanded social insurance coverage and more adequate benefits, a new program of insurance against loss of earnings because of illness or disability, and certain liberalizing provisions for public assistance. For a brief summary of the message, see page 2 of this issue.

Retirement and Old Age

McKay, Evelyn C. "Social Insurance for the Blind." *Outlook for the Blind and the Teachers Forum*, New York, Vol. 42, May 1948, pp. 133–135. 25 cents.

Recommends annuities for persons in covered employment who have to retire because of blindness.

Robbins, Rainard B. "Why We Need Complete Coverage Under Old-Age and Survivors Insurance." *American Economic Security* (Chamber of Commerce of the U. S. A.), Washington, Vol. 5, Apr. 1948, pp. 13–16. 15 cents.

Steinhaus, Henry W. *Financing Old Age.* New York: National Industrial Conference Board, 1948. (Studies in Individual and Collective Security No. 4.) 63 pp. 50 cents.

Explores both individual and collective means of financing old age and searches for ways to improve the older person's capacity for self-support and to reduce his dependence. The scope of the study is indicated by the chapter heads: Population Trends in the United States, Statistics on Old-Age Dependency, Role of Social Insurance, Role of Government Incentives, and Role of Insurance and Annuities.

Employment Security

California. Department of Employment. *California Employment and Payrolls in 1945.* Sacramento: California Employment Stabilization Commission, 1947. (Report 127 No. 18.) 44 pp.

Workers and wages covered by the California Unemployment Insurance Act, classified by industry and by county.

International Labor Office. *Employment Service Organization.* Fourth Item on the Agenda. International Labor Conference, Thirty-first Session, San Francisco, 1948. (Report IV (2).) Geneva: The Office, 1948. 89 pp. 50 cents.

International Labor Office. *Employment, Unemployment and Labor Force Statistics: A Study of Methods.* Geneva: The Office, 1948. 130 pp. (Studies and Reports, New Series, No. 7, pt. 1.) 75 cents.

Describes and appraises methods used in different countries in compiling statistics on employment and unemployment.

International Labor Office. *Partial Revision of the Convention (No. 4) Concerning Employment of Women During the Night (1919) and of the Convention (No. 41) Concerning Employment of Women During the Night (revised 1934).* Ninth Item on the Agenda. International Labor Conference, Thirty-first Session, San Francisco, 1948. (Report IX.) Geneva: The Office, 1948. 51 pp. 35 cents.

International Labor Office. *Partial Revision of the Convention (No. 6) Concerning the Night Work of Young Persons Employed in Industry (1919).* Tenth Item on the Agenda. International Labor Conference, Thirty-first Session, San Francisco, 1948. (Report X.) Geneva: The Office, 1948. 67 pp. 35 cents.

Loysen, Milton O. "A New Plan for Employment Security Financing." *The Monitor*, Vol. 34, Apr. 1948, pp. 1–2. $1 a year.

New Hampshire. Bureau of Labor. State Employment Service. *Changes Affecting the Working Population of New Hampshire, 1940 to 1947.* Concord: The Service, Oct. 1947. 44 pp. Processed.

Reede, Arthur H. *Adequacy of Workmen's Compensation.* Cambridge, Mass.: Harvard University Press, 1947. 422 pp. $5.

Analyzes the development of coverage and benefit provisions, the proportion of wage loss compensated, cost trends during 1915–40, and the relation of injury prevention to compensation cost.

Public Welfare and Relief

Barnett, John V. "Principles, Policies, and Publicity in Public Assistance." *American Economic Security* (Chamber of Commerce of the U. S. A.), Washington, Vol. 5, Apr. 1948, pp. 7–12. 15 cents.

Branch, Mary Sydney. "Financing Public Assistance and Social Insurance, II." *Social Service Review*, Chicago, Vol. 22, Mar. 1948, pp. 54–71. $1.75.

Recommends a sound financial basis for public welfare.

"A Community Welfare System—Its Program and Operation." *Public Aid in Illinois*, Chicago, Vol. 15, Mar. 1948, pp. 3–11 ff.

Three papers given as a panel discussion in Chicago in February 1948: The Total Welfare Dollar and the Service It Buys in Relation to Total Needs, by Wilfred S. Reynolds; Basic

Principles in Public Assistance, by Raymond M. Hilliard; and A 1948 Definition of Public and Private Relationships, by Edward D. Lynde.

CURRY, R. B. "Family Allowances in Canada." *Public Welfare*, Chicago, Vol. 6, Mar. 1948, pp. 50–55. 50 cents.

Discusses the experience under the Canadian Family Allowance Act since it became effective in July 1945. Describes the procedure followed in applying for these allowances and the ways in which the money is used.

"Does Public Assistance Assume the Responsibilities of the Relatives of Those Who Are in Need?" *Rhode Island Welfare*, Providence, Vol. 8, Mar. 1948, pp. 26–29.

McCORMICK, MARY J. *Thomistic Philosophy in Social Work.* New York: Columbia University Press, 1948. 148 pp. $2.

Interprets the basic principles of case work as they are related to the philosophy of St. Thomas Aquinas. Outlines the Thomistic tenets that may be applied to case work and gives two detailed case histories.

NEW YORK (STATE). BOARD OF SOCIAL WELFARE. *Report of the Inquiry Into the Administration of Public Welfare in New York City.* Albany: The Board, Mar. 17, 1948. 23 pp.

Contains proposals for the reconstruction and reorganization of the administration of public welfare in New York City.

PENNSYLVANIA. DEPARTMENT OF PUBLIC ASSISTANCE. *Current Living Costs as Related to Standards of Public Assistance in Pennsylvania as of December 1947.* Harrisburg: The Department, Apr. 1948. 24 pp. Processed.

Maternal and Child Welfare

DORAISWAMY, KOKILA. "The Problem of Dependent and Neglected Children." *Indian Journal of Social Work*, Bombay, Vol. 8, Dec. 1947, pp. 233–238. $1.

Outlines the causes that lead to neglect and dependency and suggests ways of safeguarding the fundamental rights of children.

HAMILTON, GORDON. *Psychotherapy in Child Guidance.* New York: Columbia University Press, 1947. 340 pp. $4.

"A study of the social worker's role in psychotherapy at the Jewish Board of Guardians."

KEITH-LUCAS, ALAN. "Louisiana Children Away From Home—Who Cares for Them, and How?" *Louisiana Welfare*, Baton Rouge, Vol. 8, Jan. 1948, pp. 3–5 ff.

KRIS, MARIANNE. "A Group Educational Approach to Child Development." *Journal of Social Casework*, New York, Vol. 29, May 1948, pp. 163–170. 40 cents.

PATE, MAURICE. "Further Support for Children's Fund." *United Nations Bulletin*, Vol. 4, Apr. 15, 1948, pp. 331–332. 15 cents.

TAYLOR, FLORENCE. "On the Child Labor Front." *Social Service Review*, Vol. 22, Mar. 1948, pp. 20–33. $1.75.

Urges legislation and education to improve conditions with respect to child labor.

ZAKI, ABD-EL-HAMID. *A Study of Child Welfare in a Rural New York County.* New York: Bureau of Publications, Teachers College, Columbia University, 1947. (Contributions to Education, No. 927.) 225 pp. $2.90.

Health and Medical Care

AMERICAN PUBLIC HEALTH ASSOCIATION. COMMITTEE ON ADMINISTRATIVE PRACTICE. SUBCOMMITTEE ON MEDICAL CARE. *The Maryland Medical Care Program.* New York: The Association, 1948. 151 pp.

BACHMAN, GEORGE W., AND MERIAM, LEWIS. *The Issue of Compulsory Health Insurance.* Washington: The Brookings Institution, 1948. 271 pp. $2.

A study of the two major proposals now under consideration by the National Government; the first would provide Federal grants-in-aid to the States to assure necessary medical care for the indigent or medically indigent, and the second would establish a compulsory health insurance system supported by taxes imposed on all employed persons. Considers the economic, social, and administrative issues involved.

DEBRE, ROBERT. "Santé Publique et Sécurité Sociale." *Population: Revue Trimestrielle de l'Institut Nacional d'Etudes Démographiques*, Paris, Vol. 2, Oct.–Dec. 1947, pp. 641–646.

A review of conditions influencing effective medical care in France.

"The National Health Assembly." *Journal of the American Medical Association*, Chicago, Vol. 137, May 8, 1948, pp. 146–147. 25 cents.

An editorial praising the work of the Assembly especially for its lack of propaganda and the wide range of fields represented by the persons attending.

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Selected Reprints From The Child

Published by the Children's Bureau

The following articles from *The Child* have been reprinted and are available in limited quantities. Requests should be addressed to the Children's Bureau, Social Security Administration, Washington 25, D. C.

A Better Chance for Negro Children in Houston, by Marjorie Wilson

Better Teeth and Healthier Children, by John T. Fulton, D. D. S.

Child's Mental Health Can Be Fostered, by Henry H. Work, M. D.

Children's Bureau Reviews a Year's Work

Committee Studies Convalescent Care for Children

Coordinating Mental-Hygiene Work for Children

Council Asks Better Deal for Migrant Workers and Families

Emotional Aspects of Convalescence, by Milton J. E. Senn, M. D.

Exploring the Problems of the Cerebral-Palsied Child (Report on conference March 26–28, 1947)

Finland Safeguards Health of Mothers and Children, by Arvo Ylppo, M. D.

A First Protection for the Child Born Out of Wedlock, by Helen C. Huffman

A Foster Child Needs His Own Parents, by Almeda R. Holowicz

Helping the Hard-of-Hearing Child, by Arthur J. Lesser, M. D.

Homemaker Service Helps To Preserve Family Life, by Frances Preston and Rika MacLennan

Homes for Unmarried Mothers Develop Leisure-Time Programs

How Can Your Community Plan for the Care of Children in Hospitals? by Martha M. Eliot, M. D.

Mental-Health Services in the Health-Department Program, by Kent A. Zimmerman, M. D.

Mental Hygiene in the Child-Health Conference, by Martha W. MacDonald, M. D.

National Commission Prepares for Midcentury White House Conference, by Edith Rockwood

A New Look at Child Health, by Brock Chisholm, M. D.

Psychiatric Team Helps Disturbed Child, by Henry H. Work, M. D.

"Rooming-in" Gives a Baby a Good Start, by Edith B. Jackson, M. D.

Rural Schools Challenge Public Health, by Jessie M. Bierman, M. D.

Social Worker Plays Part in Court Process, by Warrington Stokes

Southwest Looks at Pediatric Nursing

State Action for Children

State Plans for Maternal and Child-Health Services Show Expected Variations, by Clara E. Hayes, M. D.

State Protects Children Living Away From Their Own Homes, by Virginia Fenske

Study and Treatment Homes for Troubled Children, by Martin Gula

Take Stock of Child-Welfare Services, by Mildred Arnold

Ten Years of Progress in Reducing Maternal and Infant Mortality, by Marjorie Gooch

To Train Personnel for Delinquency Control, by Norris E. Class

Toward Better Care for Rural Mothers, by John Whitridge, M. D.

What the Birth Record Means for a Child, by Helen C. Huffman

What Rheumatic Fever May Mean to a Child, by Ethel Cohen

What Shall I Do With My Baby? by Bernice R. Brower

When a Child Has Cerebral Palsy, by Winthrop M. Phelps, M. D.

When a School Child Is in Trouble, by Alma Laabs

Youth and the Employment Service, by Robert C. Goodwin